

Arms Debate in Flux After Nunn Critique

By Helen Dewar
Washington Post Service
WASHINGTON — The arms control debate in Congress has been significantly reshaped by Senator Sam Nunn's detailed critique of the Reagan administration's attempt to reinterpret the 1972 anti-ballistic missile treaty, according to supporters and critics of the Georgia Democrat's position.
Mr. Nunn's 96-page analysis of the negotiation, ratification and implementation of the treaty — unveiled in a series of Senate speeches last week — has created a serious roadblock to the administration's effort to allow early development of President Ronald Reagan's Strategic Defense Initiative, members of Congress say.
Administration persistence on the new interpretation, they add, could also provoke severe cutbacks in planned spending for the "star wars" program.
The narrow interpretation espoused by Mr. Nunn is generally backed in Europe, particularly by West Germany and the Netherlands. Britain has said that the interpretation of the treaty is for Washington and Moscow to work out.
Mr. Nunn's endorsement of the traditional, narrow interpretation of the treaty "sets SDI back considerably and delays the decision-making well into the next administration," said Representative Jack F. Kemp, Republican of New York. Mr. Kemp is a leading supporter of early deployment of a space-based missile defense system, which would be blocked by the interpretation that Mr. Nunn espouses.
"The bottom line" is that Mr. Reagan "will have to adhere to the traditional interpretation or see SDI funding cut dramatically from current levels," said Senator Carl Levin, Democrat of Michigan, who shares Mr. Nunn's view.
Funding will be in jeopardy as long as the administration pushes for a broad ABM treaty interpretation, because "Congress will not want to participate in a violation of the treaty," Mr. Levin said, adding, "If there is a large amount of money..."

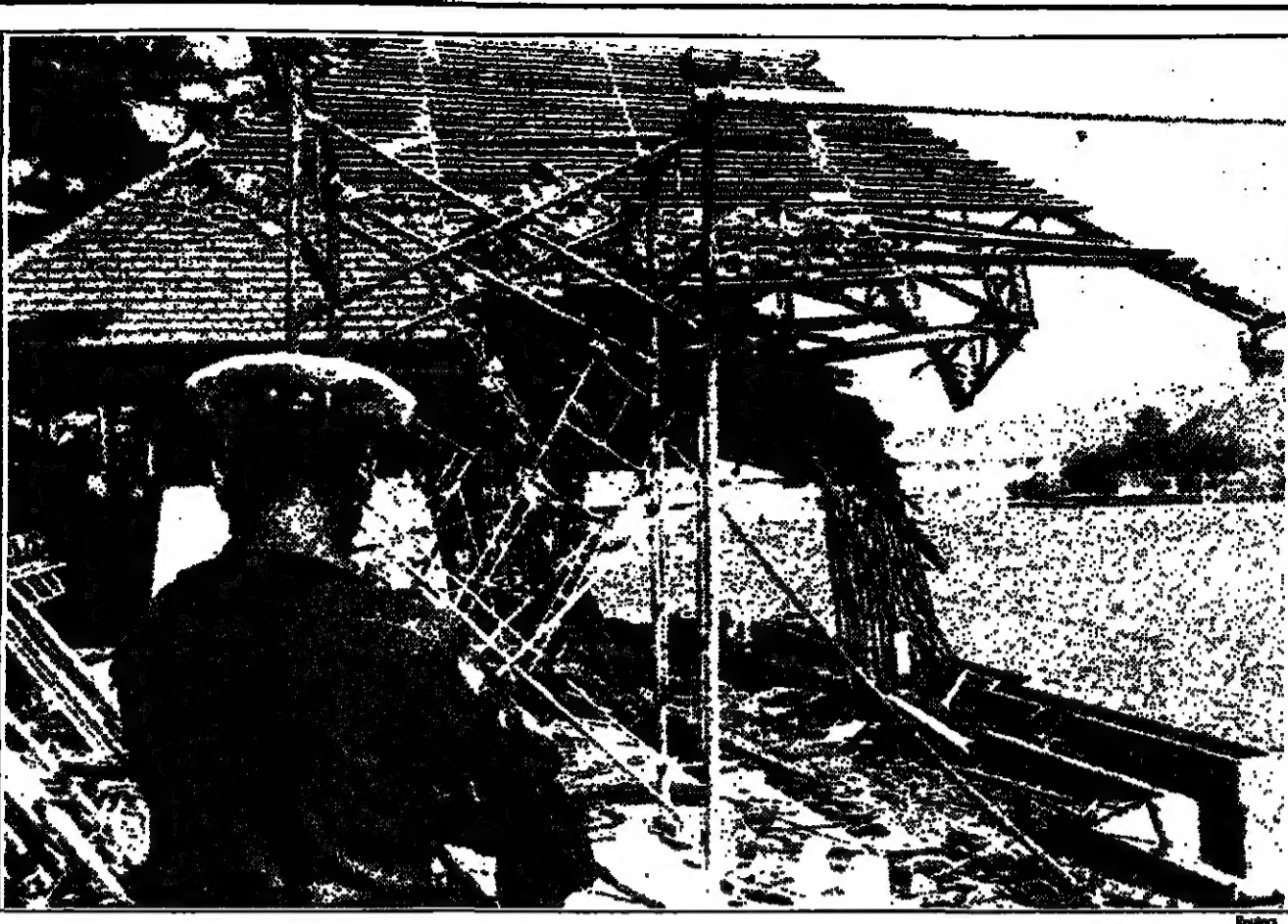


Sam Nunn

Philippine Explosion Kills Four

Target Is Podium Where Aquino to Speak on Sunday

Compiled by Our Staff From Dispatches
BAGUIO, Philippines — A time bomb exploded Wednesday under the grandstand of the Philippine Military Academy, where President Corason C. Aquino was scheduled to appear on Sunday, killing four persons and wounding 45.
No group immediately claimed responsibility for the explosion but Defense Secretary Rafael Ilito said that Communist "terrorists" were responsible. "I feel that the game has deteriorated to this level," Mr. Ilito said.
The bombing came a day after guerrillas of the Communist New People's Army killed 19 soldiers and wounded seven in an ambush in Catanduan, 130 miles (210 kilometers) south of Manila.
A colonel in Baguio, who requested anonymity, said the time bomb at the academy, where cadets were rehearsing for their graduation ceremony, was obviously "meant for Aquino." But the police said that was unlikely and there was speculation that the bombing was meant to intimidate the president.
Military sources said it was possible that the bomb had been planted by personnel at the academy, which has been a center of opposition to Mrs. Aquino and her peace-making policies with the Communist insurgents.
Mrs. Aquino said she still would make an address at the academy despite the bombing. She was to fly to Baguio, a summer resort city in central Luzon, 120 miles north of Manila, on Thursday morning to visit the injured.
In the bombing, a lieutenant colonel, two soldiers and a woman were killed as the cadets rehearsed the graduation ceremony. The soldiers were due to receive awards for bravery and the woman was to accept a medal for her husband, who died in combat.
The Defense Ministry said that 45 other persons were wounded, including 22 civilians who were watching the rehearsal. The bomb was equivalent to 100 sticks of dynamite.
Lieutenant General Salvador Misson, the armed forces vice chief of staff, said the bomb had ripped through the grandstand below the podium where Mrs. Aquino was to deliver her address. Government television said the explosive device was the equivalent of 100 sticks of dynamite.
The incident marked the most serious breach of security at the school since a renegade army lieutenant, Victor Corpuz, raised his army before defecting to the New People's Army in December 1970.
Lieutenant Corpuz was arrested and spent 10 years in prison until Mrs. Aquino pardoned him in March and promoted him to lieutenant colonel.
The ambush in Catanduan on Tuesday was the worst setback for the government's attempt to end the 18-year Communist insurgency since a 60-day cease-fire collapsed Feb. 8.
In another attack, 200 rebels ambushed a military patrol late Tuesday as it was returning to camp 100 miles south of Manila, the armed forces' Southern Luzon Command said Wednesday. Most of the casualties occurred when an armored personnel carrier and a truck ran over mines planted by the rebels, the military said.
The guerrillas suffered no losses and captured 27 automatic rifles after the ambush, it said.
Military commanders in the area were quoted by a private radio station as saying they would launch intensive retaliatory attacks.
(UPI, AP)



The podium at the Philippine Military Academy in Baguio after a time bomb went off on Wednesday, killing four persons.

Panels Agree Arms Sales, Hostage Ransom Linked On Immunity In Iran Case

By Jeff Gerth
New York Times Service
WASHINGTON — Several million dollars in profits from arms sales to Iran were paid to an Iranian group that financed the kidnappings of Americans in Lebanon, according to U.S. associates of an Iranian middleman.
The payments, made by the middleman, Manucher Ghorbanifar, meant, in effect, not only that arms were being supplied but also that money was being paid as part of the effort to free the hostages, the U.S. officials said.
American and other associates of Mr. Ghorbanifar called the money ransom, while an American official described it as "payments for services rendered."
The payments suggest that profits from the arms sales might have paid for some of the expenses incurred by the kidnappers in holding the hostages.
According to the American officials and associates of Mr. Ghorbanifar interviewed in the United States and in Western Europe, from \$2 million to \$3 million of the money that Iran paid for arms was deposited by Mr. Ghorbanifar in 1986 in the Swiss bank account of the Global Islamic Movement.
This Iranian organization helped organize and finance guerrilla groups in Lebanon, including the Hezbollah, or Party of God, the Shiite group believed to have been behind many of the kidnappings.
Other payments by Mr. Ghorbanifar, according to his associates, were intended as political contributions to Iranian leaders, with as much as \$6 million going to Hashemi Rafsanjani, the speaker of the Majlis, Iran's parliament, and his family.
By some accounts, the payments made by Mr. Ghorbanifar to various Iranian officials and groups totaled as much as \$10 million.
Mr. Ghorbanifar's lawyer, Stuart F. Plerson, when asked whether his client knew about payments to Iranian officials, said "perhaps," but added, "Now is not yet the time to talk."
Little is known about the finances of the network of kidnappers in Lebanon. Not all the groups are backed by Iran, but those that are, like Hezbollah, receive money from several sources. One, according to American officials and associates of Mr. Ghorbanifar, is the Global Islamic Movement, with a bank account in the Credit Suisse in Zurich.
It could not be determined whether U.S. officials involved in the Iran arms sales were aware of



Bakr Damanhuri as he left the residence of Nabih Berri in Beirut on Wednesday.

Diplomat Is Freed In Beirut

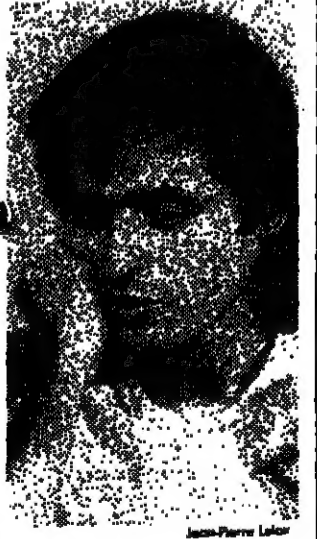
Berri Credits Amal, Syria in Release of Saudi

Compiled by Our Staff From Dispatches
BEIRUT — Abductors freed a Saudi Arabian diplomat Wednesday after more than two months of captivity, raising hopes that Syria's military intervention in West Beirut may lead to the release of other foreign hostages in Lebanon.
Bakr Damanhuri, an embassy employee in his 40s, was the first kidnapping victim released in West Beirut since the Revolutionary Justice Organization freed two Frenchmen, Camille Soutag, 84, and Marcel Coudari, 54, on Nov. 11.
"I was treated as a prisoner," said Mr. Damanhuri. "I saw nothing, no human, no bird, not even an animal."
Mr. Damanhuri disappeared Jan. 12 after his arrival at Beirut International Airport from Jeddah. His release came hours after the pro-Iranian Revolutionary Justice Organization said "secret promises" by France and new appeals for mercy had led it to grant a one-week reprieve to Jean-Louis Normandin, a French hostage.
The organization has said that it would execute Mr. Normandin, a television technician, if France did not meet its demands to clarify pro-Iranian remarks made by President Francois Mitterrand last week.
Nabih Berri, the leader of the Shiite Muslim militia Amal, and Syria's staunchest ally in Lebanon, said: "There is hope the life of Normandin will be saved."
But he described the kidnapping as a complicated affair "because it is linked to states' interests." He did not elaborate.
There was no immediate reaction from France to the statement by Mr. Normandin's captors.
However, Foreign Minister Jean-Bernard Raimond on Wednesday postponed a trip to Jordan that had been scheduled for Thursday "because of recent developments in Lebanon," a spokesman said.
Mr. Damanhuri, at a news conference organized by Mr. Berri at his West Beirut residence, said: "I was kidnapped by two gunmen who snatched me from my house 66 days ago and they treated me like a prisoner."
Mr. Damanhuri appeared exhausted but in good health. He did not identify his kidnappers.
Rafik Hariri, a Saudi financier, and Brigadier Ghazi Kensaar, the

See HOSTAGE, Page 4

Kiosk Explosives Found in Paris

PARIS (UPI) — A man jailed for membership in the leftist extremist group Direct Action led the French police Wednesday to a cache of explosives hidden on the 52d floor of Montparnasse Tower, the tallest building in Paris.
A police spokesman said the 24 pounds (11 kilograms) of explosives, found in the ceiling of a bathroom in offices of the Nickel metal company, appeared to have been stored there and were not prepared to explode.



The popularity of Jean-Jacques Goldman, a rock star who loves his family and hates drugs, has given observers of French youth reason for new optimism. Page 18.

GENERAL NEWS
■ The Prague leadership, spurred by the initiatives in Moscow, is considering limited reforms. Page 5.
■ Israelis are increasingly unhappy with the actions of their three top leaders. Page 2.
■ Robots are finding an ever-larger role with the New York City police force. Page 3.
■ Seven Asian nations have said they will curb the counterfeiting of goods. Page 2.
SCIENCE
■ Pandas are losing their battle for survival. Page 7.
BUSINESS/FINANCE
■ Weak consumer spending limited U.S. economic growth to 1.1% in the last quarter of 1986. Page 11.

Date Is Set For Macao Turnover

By Ken Portinger
Special to the Herald Tribune
LISBON — Portugal's enclave of Macao will be handed over to China 10 days before the end of the century, according to Portuguese officials.
Although the officials declined to be identified or to comment directly on discussions under way in Beijing about the transfer, they confirmed reports broadcast here that Macao would be handed over to China on Dec. 20, 1999.
The transfer, coming eight years after Britain returns Hong Kong to Chinese control in a similar arrangement, will end centuries of Western colonial involvement in China.
A radio correspondent said Wednesday that the news of an agreement had been greeted calmly and with resignation in Macao, a tiny island near Hong Kong in the South China Sea that Portugal has administered for more than 400 years. Since the 1974 revolution in Portugal, inhabitants of the island have known that a handover was inevitable. Macao has a population of about 450,000.
In Beijing, Portuguese and Chinese officials met Wednesday for final discussions and hinted strongly at a breakthrough in negotiations without giving a date for the handover, Reuters reported.
Deputy Foreign Minister Zhou Nan of China declared himself "more and more optimistic." He said in Beijing, "You will see everything tomorrow."
Mr. Zhou left negotiations on the subject after only one hour Wednesday. He also met with the Portuguese ambassador to China, Octavio Valerio.
Asked whether he, too, was optimistic, Mr. Valerio said: "Look at our faces. We are very happy."
Officials in Lisbon said that Portugal's council of state, headed by President Mario Soares, would meet Friday to examine the results of the negotiations.
They added that preparations

Human Tests of AIDS Vaccines Set to Start in U.S.

By Lawrence K. Altman
New York Times Service
NEW YORK — Before the end of the year, medical experts say, up to a hundred Americans will roll up their sleeves for injections of experimental vaccines against AIDS.
Already, French and Zairian researchers working in Africa have begun to test experimental compounds in humans.
Despite the size and speed of the global research effort, a proven vaccine does not appear likely for five or ten years, perhaps not before the next century, in the view of leading experts.
The worldwide vaccine-development effort, which has no parallel in modern science, holds the only hope for fully containing the scourge of acquired immune deficiency syndrome.
The fatal disorder has already struck more than 100,000 people around the world, international health officials estimate. The virus that causes AIDS, which spreads

Myers Seeks to Test AIDS Vaccine

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TAIWAN PROTEST BLOCKED — Taiwan police stop two demonstrators from entering the legislative building in central Taipei on Wednesday. The demonstrators were protesting martial law in the country.

Oily, Salty Potato Chip Defies Nutrition Crunch

By T.R. Reid
Washington Post Service
NASHVILLE, Tennessee — Straight from the vast convention floor of Snax '87, the international convocation of the snack food industry, comes a spicy sociological morsel to chew on: the potato chip has withstood the U.S. nutrition crunch.
Leaders of the snack food trade who convened here to promote their wares and taste-test the newest flavor fashions — corn-dog-flavored cheese twirls, chocolate tortilla chips, Szechwan sausage sticks, passion fruit popcorn — said potato chips continued to break U.S. sales records every year.
Despite steady attacks on the familiar snack from diet, fitness and nutrition circles, potato chip makers, known in the trade as "chippers," had sales of about \$3 billion in 1985.
One trade journal, Chipper Snacker Magazine, reported a wholesale sales volume of \$3.29 billion; another, Snack Food Magazine, reported \$2.77 billion.
Consumption increased by more than 7 percent over the year before, according to Chipper Snacker. Assuming a wholesale price of \$1 per pound, that translates to about 12 pounds (5.4 kilograms) of potato chips consumed for every man, woman and child in the United States.
Several theories are offered as to why salty, oil-fried potato chips continue to sell so well at a time when "lite," "diet" and "low-salt" seem

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Public Standing of Israel's Top Leaders Takes a Nosedive

By Thomas L. Friedman
New York Times Service

JERUSALEM — Israel's largest newspaper, Yediot Achronot, recently published a photo spread of the country's top three leaders that summed up the prevailing mood toward politicians here.

One picture showed Prime Minister Yitzhak Shamir covering his ears. The second picture showed Foreign Minister Shimon Peres covering his mouth, and the third showed Defense Minister Yitzhak Rabin hiding his eyes.

The caption read, "Everyone covering up for everyone," and no one needed any further explanation.

More than at any other time since Israel's coalition government was formed in September 1984, the Israeli public and political commentators have been expressing disappointment with their leaders. The main factor is the government's handling of a series of intelligence-related scandals.

The criticism goes beyond the normal level of complaining by the Israeli press and now includes more than a few voices wondering aloud whether Mr. Shamir, 71, Mr. Peres, 63, and Mr. Rabin, 65, have not been too long on the field of politics and might not benefit the country by stepping aside.

"It is doubtful that the public standing of the leadership has ever been as low as it is today," the commentator Avraham Shweitzer wrote in the newspaper Ha'aretz.

In a poll in January by Hanoch Smith, the percentage of Israelis



Prime Minister Yitzhak Shamir, right, with Shimon Peres.

expressing support for the coalition government had fallen to 43 percent, from 61 percent three months earlier.

What has been so disturbing to political commentators and the

tors assert, the three leaders denied any knowledge of wrongdoing under their ministerial responsibility; handled the affairs in a way that was embarrassing for Israel and legally questionable, and blocked any serious challenge of their behavior by choosing not to criticize one another.

Ordinarily they would have been immediately called to account by the opposition. But Likud and Labor are united in a "national unity" coalition that has such an overwhelming majority in the Knesset, Israel's parliament, that they do not have to worry about a vote of no confidence as long as they stick together.

Mr. Shamir, Mr. Peres and Mr. Rabin, the Yediot commentator Yeshayahu Ben Porath noted, are "trapped and tied up and involved amongst themselves in a complex knot of spider webs."

Mr. Ben Porath asserted that in the Shin Bet scandal, in which Israel's domestic intelligence service was found to have slain two Palestinian bus hijackers in custody in April 1984, Mr. Peres and Mr. Rabin sided with Mr. Shamir, who was prime minister when the killings occurred, in protecting the head of Shin Bet from any punishment.

They then united to dismiss the attorney general who wanted to investigate the case, the commentator added, and they arranged pardons for the security officials involved.

In the Iran arms affair, Mr. Ben Porath said, Mr. Shamir returned the favor by standing up for the

decisions made by Mr. Peres and Mr. Rabin to involve Israel in an arms-for-hostages arrangement with Iran.

In the Washington espionage case involving Jonathan Jay Pollard, Mr. Ben Porath went on, "the mutual dependence and cover-up, and refusal to investigate or be investigated, reached supreme perfection."

All three leaders, he added, backed each other in asserting that they knew nothing of the Israeli spying operation, in supporting the promotion of the Israeli officials involved in the espionage and in arranging for a belated and watered-down investigation by a two-member committee.

In an open letter to the American people in Ha'aretz, the commentator B. Michael wrote: "My dear America, make a clear distinction between the citizens of Israel and the government of Israel. We are not they and they are not we."

Referring not only to the intelligence cases but to the 1982 massacres at the Lebanese refugee districts of Sabra and Chatila as well, he went on to say of Israel's leaders:

"This is the fourth or fifth time they are trying to sell me the miserable jingle: 'We did not know, did not hear, did not see, did not report and we are not responsible.' Pollard, Iran, Shin Bet, Sabra and Chatila — we're just ministers. No one tells us anything. And they continue to sit on their chairs. If my IQ were not greater than the speed

limit inside the city, I might buy this once, twice, even three times — but not five."

"I hope, America," he continued, "you are beginning to understand that I am also insulted just like you. According to accepted democratic reasoning, it would be time for these men to pack their bags and go home. But the reality here is that prime ministers and people with top postings are changed only when one can find an alternative that is worse."

In an article titled "Three Wise Monkeys," Yosef Goell, an editorial writer for The Jerusalem Post, stated: "The real cause for concern is that the conscious determination not to know too much, the failure to exercise effective control over the bodies officially responsible to them and the propensity for bad judgment evinced by our top leaders in the beginning of this was not a one-time affair but the catastrophic continuation of a long-term pattern."

What makes the current situation even more unusual is that the banding together of Mr. Peres, Mr. Shamir and Mr. Rabin comes at a time of heightened political tensions among them. Mr. Shamir and Mr. Peres are barely on speaking terms over political differences, and relations between Mr. Rabin and Mr. Peres are not much better.

But for now, Mr. Peres, Mr. Shamir and Mr. Rabin are sticking together in opposing any new elections, at least until the latest affairs blow over.

WORLD BRIEFS

Russian Says Economic Data Padded

MOSCOW (Reuters) — A leading Soviet economist said Wednesday that the padding of figures was inflating the country's industrial production data by at least 3 percent.

"According to the information of state monitoring organs, the padding of figures makes up one and a half to 3 percent of the volume of production," Alexei Sergeev told the newspaper Sovetskaya Rossiya. "In my opinion, it is significantly higher," said Mr. Sergeev, who works at the Economics Institute of the Soviet Union's Academy of Sciences.

Western economists have for years allowed for padding of figures when analyzing Soviet statistics for industrial production. Mr. Sergeev said about 600 million rubles (\$900 million) was lost annually in raw material industries because of wages and bonuses paid for work that was not done. He said the elimination of padding and other malpractices would save enough to pay for the Soviet Union's entire social development program up to the year 2000.

Senate Expected to Uphold Contra Aid

WASHINGTON (AP) — As the Senate neared a vote Wednesday on legislation to stop \$40 million in aid for the Nicaraguan rebels, the Senate majority leader, Robert C. Byrd, predicted that President Ronald Reagan would win this round.

"We're going to lose today," Mr. Byrd, Democrat of West Virginia, said. "I don't think the disapproval resolution will be adopted." Asked about the vote outlook during a photo session at the White House, the Senate Republican leader, Bob Dole, of Kansas, who supports the aid, raised his thumb.

Both sides agreed the vote would be very close and that Mr. Reagan probably could get the \$40 million for the rebels, who are also known as contras, by vetoing the legislation disapproving it. However, it goes, the vote could set the stage for a total aid cutoff for the next fiscal year.

Palestinian Groups Set April Meeting

AMMAN, Jordan (NYT) — Five Palestinian factions have agreed to hold a session of the Palestinian parliament in exile April 20 in an effort to reunify the Palestine Liberation Organization, according to Palestinian officials contacted by telephone in Tunis.

The PLO chairman, Yasser Arafat, who endorsed the accord last weekend, arrived in Amman on Tuesday to inform President Chirac of the agreement and to seek his approval to hold the 19th session of the parliament, the Palestine National Council, in Algiers. The agreement to meet was endorsed by two hard-line factions based in Damascus: the Democratic Front for the Liberation of Palestine and the Palestine Communist Party. The accord was also supported by the pro-Iraqi Arab Liberation Front, the Palestine Liberation Front, and the Popular Front for the Liberation of Palestine, have not endorsed the agreement, but Palestinian officials expect they will.

U.S. Aviation Agency Chief to Retire

WASHINGTON (AP) — Donald Engen, who has led the Federal Aviation Administration during three of the airline industry's most tumultuous years, announced Wednesday he plans to resign in July and return to private business.

Mr. Engen, 62, gave no reason for his decision to leave the agency, which regulates aviation safety. He has been its administrator since April 1984. For two prior years, he was a member of the National Transportation Safety Board, which investigates accidents.

A retired vice admiral and test pilot, Mr. Engen was given high marks by members of Congress for managing the aviation agency. Nevertheless, the agency has been criticized often for moving too slowly on safety matters, including the rebuilding of the air traffic control system since President Ronald Reagan dismissed striking controllers in August 1981.

For the Record

Gilbert Pélot, the French ambassador to Japan, was appointed secretary-general of the French Ministry for Foreign Affairs, it was announced Wednesday in Paris. Mr. Pélot, 60, a career diplomat, will be the ministry's top permanent official. (AP)

U.S. leaders of the Roman Catholic Church began three days of talks with Pope John Paul II and his top advisers on Wednesday at the Vatican. The talks are intended to set the tone and agenda for the pope's 10-day visit to the United States in September. (AP)

TRAVEL UPDATE

European Airlines Face Legal Action

BRUSSELS (AP) — The European Commission threatened legal action Wednesday against three European airlines for price and route fixing.

It gave the companies — Lufthansa of West Germany, Alitalia of Italy and Olympic Airways of Greece — three weeks to "modify their restrictive" methods of fixing fares, pooling revenues and dividing routes. The commission threatened to withdraw its proposal to grant them some exemptions from the antitrust rules of the European Community while they liberalize their practices.

Last summer, it sent a letter to 10 major national airlines, warning them the agreements infringed the competition laws of the EC, and asked them for corrective measures. Seven "responded positively" and have agreed to negotiate with a view to "abandoning or modifying their arrangements."

U.S. airlines met in Washington for the third day Wednesday to shuffle flights in a bid to reduce delays at airports during the summer travel period. They agreed to reschedule 125 flights at Atlanta, with most volunteered by Eastern Airlines. (UPI)

A computer system designed to warn pilots of possible in-flight collisions was to get its first operational test Wednesday aboard a Piedmont Airlines flight from Greensboro, North Carolina, to Washington. The flight was to be the first to carry the Traffic Alert and Collision Avoidance System. (AP)

DOONESBURY



French Scientist Injected Self With An AIDS Vaccine

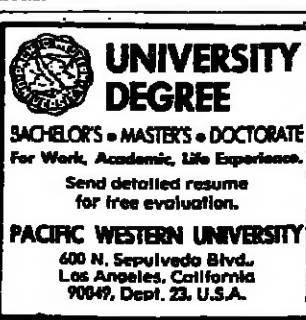
Agence France-Press

PARIS — A French scientist inoculated himself in November with an experimental type of vaccine against AIDS after finding that it could boost the production of antibodies.

Professor Daniel Zagury, who is engaged in a French-German research project into AIDS, or acquired immune deficiency syndrome, said Wednesday that he had injected himself with a preparation made up of the cowpox vaccine used against smallpox and a protein known as GP-160 that is extracted from the AIDS virus membrane.

The experimental vaccine did not contain the complete AIDS virus to exclude any risk of contamination, Dr. Zagury said.

Dr. Zagury said that, before trying the vaccine on himself, he tested it on monkeys and found it to be effective in stimulating production of antibodies — enough to neutralize the virus under laboratory conditions.



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هكمان النحل

Rehnquist Turns Down Deaver's Bid to Block Criminal Indictment

The Associated Press

WASHINGTON — Chief Justice William H. Rehnquist of the Supreme Court rejected Wednesday an emergency request by Michael K. Deaver aimed at preventing a criminal indictment against the former White House aide.

Lawyers for Mr. Deaver asked Justice Rehnquist on Tuesday to block a special prosecutor, Whitney North Seymour Jr., from seeking a grand jury vote on whether to indict Mr. Deaver for perjury.

They asked that no action be taken while the Washington lobbyist pursued his claim that the law establishing the office of independent counsel, as the prosecutor is formally known, is unconstitutional.

In a brief order, Justice Rehnquist turned down the request. He said that Mr. Deaver had not proved that his case merits such a stay.

Randall Turk, one of Mr. Deaver's attorneys, had no immediate comment on the ruling but said the defense team would not approach any other Supreme Court justice for an appeal.

Mr. Seymour declined to say when he would approach a federal grand jury. During Mr. Seymour's investigation, however, the jury normally met on Wednesdays.

Mr. Seymour announced Feb. 25 that he was ready to seek a vote on four perjury counts against Mr. Deaver. But he has been blocked

from doing so by emergency orders, first by U.S. District Judge Thomas Penfield Jackson and then by the appellate panel.

A new order was requested from Justice Rehnquist after the appellate panel circuit judges dissolved their emergency stay in an order Tuesday. Mr. Jackson negated his order last week.

The appellate panel said that Mr. Deaver's case "constitutes an impermissible pre-emptive civil challenge to a criminal proceeding."

The appellate panel, in dismissing Mr. Deaver's challenge, expressed no opinion on his argument that only the executive branch could conduct criminal prosecutions. The independent counsel, established by the 1978 Ethics in Government Act, is appointed by a three-judge federal court.

In eight independent counsel investigations, four of them still active, no one has been indicted. The ethics law authorized such investigations to prevent administrations from investigating their own top officials.

Mr. Seymour was asked by the special three-judge court to investigate Mr. Deaver's lobbying activities after he left his post as deputy chief of staff to President Ronald Reagan in May 1985.

Federal laws restrict, and in some cases ban, former officials from lobbying on behalf of clients before federal agencies on matters they handled while in government.



ERIN GO BRAGH — Mayor Edward I. Koch of New York holding on to his cap and the hand of Maureen O'Hara, the actress, as they run on Fifth Avenue to catch up to the beginning of the city's annual St. Patrick's Day Parade, the world's biggest and oldest.

In N.Y., a Robot With a Badge

City Police Use Machines on Dangerous Assignments

By Dennis Hevesi
New York Times Service

NEW YORK — The ranting man in the basement room of the Manhattan apartment building had fired half a dozen shots at police officers.

RMI 3 — a gangly creature with steel claws and unblinking eyes, one glaring forward, the other to the rear — crept forward on its six-wheeled cart, electronically tethered to its master, an officer in a room down the hall.

"He was distraught," recalled Lieutenant Al Baker, the remote tactics coordinator for Emergency Squad 10. "He had fired numerous shots. But finally, he indicates he is going to surrender and throws out two handguns."

"As he's coming out, the robot is there," the lieutenant continued. "The operator is 50 feet away, in another room. And we have personnel in strategic locations."

Just as the man stepped through the doorway, a beam from a high-intensity light atop the robot blasted into his eyes. "It provided distraction for our people to move in and grab him," the lieutenant said. "It gave us milliseconds."

And the advantage proved fortunate. "They found a third gun in his waistband," Lieutenant Baker said. "Later, he told us he planned to use that gun against police."

That incident two years ago concluded precisely the way Lieutenant Baker envisions the end of all encounters involving Remote Mobile Investigator 3 and its brother contraption, RMI 4: No one was injured.

If the lieutenant had his way, robots would play an expanding role in such hostile confrontations. "Our people are called upon thousands of times to manage such situations," he said. "Other departments use the bomb squad robot. But this is a novel use of robots — for tactical use. We are writing the book on what a tactical robot should be."

The city police department has four robots, purchased in 1983 for \$22,000 each from Pedeco Canada Ltd. Two are assigned to the bomb squad; the other two to emergency squads.

"There's a clear distinction between this robot and the ones used by the bomb squad," Lieutenant Baker said. "It's the application that's different. Our machine's purpose is to investigate hostile environments in place of a human. It's to take the senses of a police officer — eyes, ears, touch, even speech — and bring them into a dangerous situation. That keeps the police officer safe. You blow away a bucket of bolts, not the cop."

The robot, weighing 230 pounds (about 104 kilograms), is powered by two 12-volt batteries. Its front wheels move up and down separately from the rear wheels. Lieutenant Baker said, allowing it to climb a curb.

It has two remote-control television cameras. "The camera on top rotates 360 degrees," the lieutenant said. "And the backup camera provides rear view, or can be attached to the machine's arm in order. Let's say, to look under a car."

The robot is connected to its control cart by a 360-yard (328-meter) cable. Besides the television monitor, the cart carries one end of the two-way audio system used for communicating with suspects.

"It has two hydraulically powered arms," the lieutenant said. "It can drag a human being, up to 350 pounds."

"It can pick up a small object, that spoon, for instance," he said, pointing toward his coffee cup. "Or, we can use it as a negotiator, if a person is apt to fire through a door."

Can it fire a gun?

"Yes!" Lieutenant Baker said, declining to provide details. "If you go across the country, get killed in dangerous situations — about 100 a year — the next question is how many situations could have been managed by machines. If I save 2 percent of them, that's two guys. I'll take it. And I suspect the percentage will be greater as we perfect the techniques."

The rate of suicide among teenagers has doubled since 1972. Currently the rate is about 6,000 a year, or 15 each day, with 400,000 teenagers attempting suicide every year, according to the American Academy of Pediatrics. Most of the increase is due to a rise in the rate among 15- to 19-year-old males.

Drinking and drugs are believed to play a role in the increase. David Brent, a psychiatrist at the University of Pittsburgh, working with a coroner, found that the proportion of teen-agers who kill themselves while drunk rose to 46 percent by 1983, more than three times the rate in 1972.

Suicides Prompt Imitation by U.S. Youths

By Daniel Goleman
New York Times Service

NEW YORK — The suicide attempt Tuesday morning by two young people in Bergenfield, New Jersey, which closely copied the deaths of four teen-agers last week, fits a pattern of imitation that often comes after well-publicized suicides, according to experts.

"Hearing about a suicide moves those teen-agers at risk closer to doing it themselves," said David Shaffer, a professor of child psychiatry at Columbia University and the head of the Suicide Research Unit at the New York State Psychiatric Institute.

"The news coverage of teen-age suicides can portray the victims as martyrs of sorts," Mr. Shaffer said. "The more sentimentalized it is, the more legitimate — even heroic — it may seem to some teen-agers."

"The tendency of disturbed young people to imitate highly publicized suicides is called the 'Werther Syndrome,' after the protagonist in Goethe's novel, 'The Sorrows of Young Werther.'"

The novel, in which the hero kills himself, was banned in some European countries after its publication more than 200 years ago because of a rash of suicides by young men who had read it. Some had dressed

like Werther or had left the book open to the passage detailing his death when they killed themselves.

"Teen-agers are highly imitative, influenced by fads and fashions in general," said David Phillips, a sociologist at the University of California at San Diego, who has studied the Werther Syndrome since 1974.

In a series of studies, Mr. Phillips found that there was a significant rise in suicides after a well-publicized case. The increase was greatest among teen-agers, regardless of the age of the first victim, he said.

A nationally publicized suicide, he found, increased the suicide rate over the next month by about 2 percent on average — an additional 58 cases — and about 7 percent among teen-agers. The suicide of a famous person had an even greater effect; after Marilyn Monroe's death in 1962, the rate rose by 12 percent.

"Hearing about a suicide seems to make those who are vulnerable feel they have permission to do it," Mr. Phillips said.

In a study at the University of Pennsylvania, college students who had attempted suicide were most

often prompted by trouble at school, with their families or in a dating relationship. For women the crisis was most often interpersonal, usually breaking up with a boyfriend; for men it was usually an academic setback.

"The teen-ager who attempts suicide is not always an obvious failure," said Aaron Beck, a psychiatrist at the University of Pennsylvania, who has done research on depression and suicide. "It is often a relative discrepancy between aspiration and performance — one 13-year-old, for example, tried suicide after he had been passed over as editor of the school paper."

In the study of a cluster of teen-

The more sentimentalized a suicide is, the more legitimate — even heroic — it may seem to some teen-agers.

— David Shaffer, child psychiatrist

French Fishing Vessels Barred From Canadian Waters, Ports

Compiled by Our Staff From Dispatches

OTTAWA — Canada has closed its ports to French fishing vessels and threatened to arrest crews of any French boats found in waters off Newfoundland that the Canadians say have been overfished.

Fisheries Minister Tom Siddons announced the measures, the latest move in a long-running boundary dispute, on Tuesday. He said France had exceeded the 6,400 metric ton annual quota set by the Canadian government for French boats operating in the Burgeo Bank south of Newfoundland.

In Paris, a Foreign Ministry statement Wednesday described the decision as "unjustified and contrary to international law and commitments made by Canada." It called on Canada to re-examine its position.

"The French government strongly protests against the closing of Canadian ports to French fishing vessels and against the fishing ban decided by Canada on the Burgeo Bank," the statement said.

The Foreign Ministry said the measure would have a negative effect on fishing negotiations being held between Ottawa and Paris.

In January, Canada and France concluded an interim fishing accord, opposed by fishermen in both countries, allowing France to increase its cod quota by about 15,000 tons during 1987.

Under the accord, Canada and France also agreed to refer differences over a maritime boundary zone near the French islands of Saint Pierre and Miquelon to international arbitration. (AP, Reuters)

ZENITH

Academy

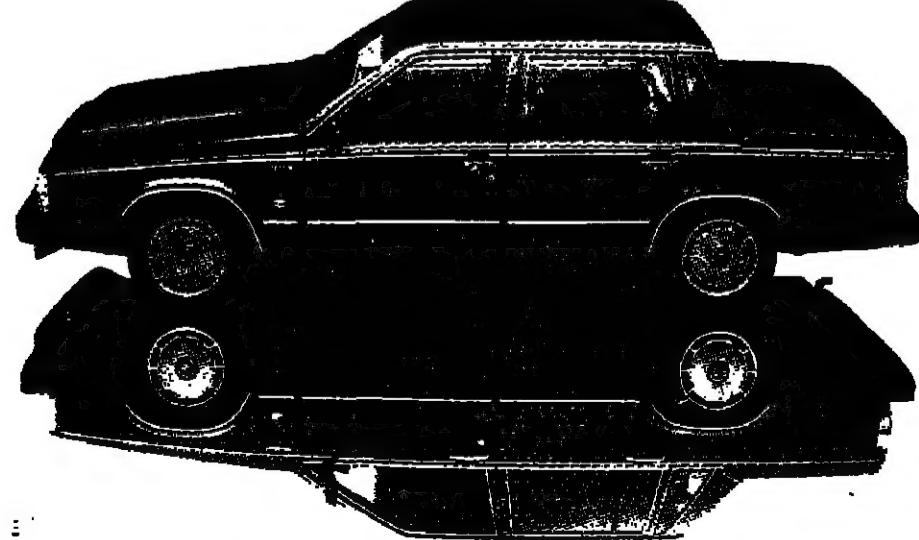
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Kohl Seems an Eager Listener As East-West Contacts Increase

By James M. Markham
New York Times Service

BONN — Contacts between East and West Germany have intensified in the last week amid indications that Mikhail S. Gorbachev is interested in winning West Germany's support for the Soviet proposal to withdraw all medium-range missiles from Europe.

Western diplomats in Bonn say that Chancellor Helmut Kohl, facing a series of tough state elections, appears eager for some kind of breakthrough with East Germany, particularly as other foreign policy areas offer few prospects for success. They say this has made him more willing to listen to overtures from East Berlin and Moscow.

On Wednesday, in a policy speech outlining the plans of his center-right coalition for the next four years, he called for the intensification of relations with the Soviet Union and urged the swift conclusion of a U.S.-Soviet accord banning medium-range missiles from Europe.

Mr. Kohl told the Bundestag that relations with the Soviet Union were of "central significance" to West Germany.

"General Secretary Gorbachev talks of a 'new thinking' in international relations," said Mr. Kohl, whose coalition was re-elected Jan. 25. "We take him at his word."

The heavy accent on ties with Moscow marked an important evolution in West Germany's approach to the Soviet Union, East Germany and Communist Europe.

The speech bore the imprint of Foreign Minister Hans-Dietrich Genscher, who has urged NATO to engage Mr. Gorbachev and effectively back the Soviet leader's innovative course.

Officials from the United States, France and Britain have expressed their anxiety about an invitation from Erich Honecker, the East German Communist leader, to Gerhard Diepgen, the Christian Democratic mayor of West Berlin, to attend festivities in East Berlin in October.

The allies are concerned that Mr. Diepgen's attendance at ceremonies marking the 750th anniversary of the founding of Berlin would amount to the recognition of East Berlin as the capital of East Germany. The three protecting powers fear such a step would erode their position in Berlin.

"You're in a very unclear phase," said a senior Allied diplomat, "where people are improvising and where a lot of things can go wrong. The East is playing some kind of game, looking lemping, and on the West German side the ability to be cool and disciplined is very difficult."

Mr. Diepgen joined a number of West German leaders this week who traveled to the Leipzig Fair to meet with Mr. Honecker. The visitors include Economics Minister Martin Bangemann, Lothar Späth, the head of the southern Baden-Württemberg state government, and Franz Josef Strauss, the Bavarian leader.

Mr. Strauss, who has been a vigorous proponent of closer economic ties with East Germany, caused a stir by asserting that the status of West Berlin should not become "a sacred cow that prevents mutual visits."

An American diplomat said: "When you've got Franz Josef Strauss calling the status of Berlin a sacred cow, that shows what kind of a situation we're in."

The Bavarian politician also revived speculation about a milestone visit to West Germany by Mr. Honecker, predicting that it would take place "in the second half of this year." In Bonn, officials insist that there are no plans to reschedule a trip that was scuttled by Soviet pressure in 1984.

After consultations with Bonn, Mr. Diepgen has invited Mr. Honecker to attend West Berlin's 750th anniversary celebrations April 30, which will be presided over by Mr. Kohl and President Richard von Weizsäcker. Accepting this invitation would acknowledge West Berlin's linkage to the Federal Republic, something the Russians and the East Germans have been reluctant to do.

The Soviet Union is regarded here as keenly interested in consolidating the Kohl government's support for the so-called "zero option," which would remove Soviet SS-20s and American Pershing-2 and ground-launched cruise missiles from Europe.

One test of Moscow's attitude will be whether it permits Mr. Honecker to attend the West Berlin celebrations April 30. In Leipzig, Mayor Diepgen said Tuesday he had the impression that the East German leader was interested in coming — a move that would permit the West Berlin mayor to accept the October invitation.

Some diplomats say that Mr. Gorbachev may himself be preparing a major Soviet initiative in Germany. In recent days, Soviet correspondents in West Berlin have been dropping the idea that Mr. Gorbachev might meet with President Ronald Reagan in West Berlin in June when he is scheduled to visit the city.



'POTENTIAL BREAKTHROUGH' — Michael H. Armacost, a U.S. deputy undersecretary of state, ending two days of talks in Moscow on Wednesday, said "a potential breakthrough" existed in arms talks, opening prospects for a superpower summit meeting.

NUNN: Senator's Critique Puts Arms Debate in Flux

(Continued from Page 1)
basically supported the administration's arms program, more so than most Democrats, giving him more standing to challenge the administration than most of his Democratic colleagues can claim.

He is neither in the Democratic presidential race nor totally out of it, heightening interest in his activities without inviting dismissal of them as campaign posturing.

"With his credibility, the administration is now faced with almost a fait accompli" on the ABM treaty, said Representative Norman D. Dicks, Democrat of Washington, a leading arms control figure in the House of Representatives.

Mr. Nunn's endorsement of the restrictive interpretation, which many regard as essentially a defense of the status quo, does not necessarily mean Mr. Nunn will support other arms control initiatives advocated by more liberal Democrats.

For some, it may "make it a little more respectable to take a strong position on arms control," said Senator Dale Bumpers, Democrat of Arkansas, who has taken such positions in the past and is, like Mr. Nunn, a possible contender for the presidential nomination.

Some also say they believe that Mr. Nunn's initiative on the ABM issue clears the deck for consideration of other arms control issues, such as a nuclear testing ban and legislation to require adherence to weapons limits in the unratified SALT-2 treaty, which the administration has breached.

Both the test ban and SALT-2 limits are slated for consideration

in connection with a supplemental appropriations bill that the House is expected to consider early next month, with Senate action to follow after the Easter congressional recess. A resolution stating congressional support for the narrow ABM interpretation is also to be considered in the next few weeks.

Senator Paul Simon, Democrat of Illinois, a member of the Foreign Relations Committee, said: "Sam Nunn has killed the administration's efforts to redefine the treaty, and so we can now focus on other things and essentially shift from a defensive position to an offensive one and ask what we can do in a positive way for arms control."

But others, such as the House Armed Services Committee chairman, Les Aspin, Democrat of Wisconsin, and Senator John F. Kerry, Democrat of Massachusetts, caution against exaggerating the effect that Mr. Nunn's ABM initiative could have on other arms issues.

There was more general agreement that the administration's credibility on arms control, already strained, has been further damaged in the ABM encounter.

Mr. Armacost also cited for the first time reports, which he described as unconfirmed, that the rebel army was receiving arms from North Korea or Vietnam. Mr. Armacost previously has discounted similar reports and said there was no evidence the insurgency was being supported from the outside.

Earlier, Assistant Secretary of State Gaston J. Sigur Jr., who visited the Philippines last week, told the same subcommittee that his overall assessment of the situation there was "very positive," with the Aquino government addressing the Communist insurgency "realistically and effectively."

Mr. Armacost presented a radically different assessment. He said the Aquino government had "developed and then discarded" one

gun on a small number of people without public notice, were in two stages. One was designed to strengthen the immune system of people with AIDS, a form of immunization known as immunotherapy.

Dr. Fauci and Dr. Gallo say they are eager to learn the results of the experiments in Zaire because they could help speed the development of a vaccine in the United States. Preliminary results are about to be published.

In the United States, no human trials have been approved. But at least two American teams have applied to the FDA for such approval and another says it will do so within the next two weeks.

One team is headed by Dr. Allan L. Goldstein of George Washington University in Washington and has financing from Alpha 1 Biomedicals, a pharmaceutical company in Washington.

Dr. Goldstein said he would be the first to take his vaccine, which is made from a synthesized version of a part of a protein from the AIDS virus, P-17. The vaccine is called HGP-30.

Many AIDS researchers have criticized Dr. Goldstein's approach because it focused on a protein that was believed to lie deep inside the virus.

But now, in a surprising finding, researchers in West Germany have shown that although most of the P-17 protein is in the inner shell of the AIDS virus, some of it protrudes to the surface, offering the prospect that it could stimulate the body into producing the desired antibodies.

Another company, Oncogen, a Seattle biotechnology firm that is a subsidiary of Bristol-Myers in New York, has prepared a vaccine using a combination of two of the virus's surface proteins, GP-110 (sometimes called GP-120) and GP-41.

Oncogen used genetic engineering techniques to insert instructions for manufacturing GP-110 and GP-41 in the vaccine virus. When the vaccine is injected into humans, the GP-110 and GP-41 are expected to stimulate the body to produce antibodies.

Some existing vaccines, such as a widely used polio vaccine developed by Dr. Jonas Salk, use killed versions of an entire virus. Many scientists have avoided this approach with AIDS because they fear that some virus particles could remain alive and cause disease.

But Dr. Salk has theorized that a killed-virus vaccine might serve two purposes: to prevent AIDS infection, and to touch off a vigorous immune response in people infected by the virus.

Dr. Hilary Koprowski at the Wistar Institute in Philadelphia, working with colleagues elsewhere, is trying perhaps the most novel approach of all for developing a vaccine.

First, a protein from the AIDS virus is injected into animals to stimulate production of an antibody. That antibody is then injected into animals to form a second antibody called an anti-idiotypic. In a further step, the second antibody is used to stimulate production of a third one, which should be a mimic of the first antibody, but less likely to be contaminated with infective materials and therefore safer.

This third antibody, the theory goes, might work as a vaccine.

Experimental vaccines that survive the first phase of tests, intended to establish short-term safety and to determine which antibodies are produced in a small number of volunteers, will then be eligible for large-scale trials of their ability to protect against AIDS.

Philippine Insurgency Grows, U.S. Aide Warns

By David B. Ottaway
Washington Post Service

WASHINGTON — A Pentagon official, warning against U.S. complicity about Communist rebels in the Philippines, has released new intelligence figures showing steady growth in the strength of the New People's Army, despite the personal popularity of President Corason C. Aquino.

Taking issue with the optimistic assessment offered by a State Department witness, Assistant Secretary of Defense Richard L. Armitage told the House Foreign Affairs Asia subcommittee that the Aquino government has "regrettably failed" to develop a comprehensive counterinsurgency plan.

The New People's Army has increased in size and expanded the scope of its influence in the countryside, Mr. Armitage said.

Meanwhile, an administration source confirmed the general thrust of a report in Newsweek magazine this week that said President Ronald Reagan had issued a secret intelligence "finding" authorizing the Central Intelligence Agency to step up assistance to the Philippine Army.

The report said the CIA would expand its intelligence gathering on insurgency activities, including possible flights over rebel-held areas, and assign about a dozen more agents to its Manila station.

In his testimony, Mr. Armitage estimated that the number of regular New People's Army soldiers grew last year by 9 percent, reaching a total of 27,430. He also said the insurgency has expanded its presence and influence to 8,496 of the country's barangays, the nation's smallest administrative unit, an increase of 21 percent.

In an interview in early February, Mr. Armitage estimated the rebel army's strength at 23,000 to 25,000 armed men. He said his latest estimate was based on "brand new figures" the Pentagon had just received. A little more than a year ago, the Defense Department estimate of New People's Army soldiers was 16,500.

Mr. Armitage also cited for the first time reports, which he described as unconfirmed, that the rebel army was receiving arms from North Korea or Vietnam. Mr. Armitage previously has discounted similar reports and said there was no evidence the insurgency was being supported from the outside.

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Mr. Armitage presented a radically different assessment. He said the Aquino government had "developed and then discarded" one

counterinsurgency strategy after another and often ignored the advice of the military.

"Distrust and apathy pervade civil-military relations," he said. "Poor communication and coordination are common between civilian and military counterparts at all levels of government."

"The Aquino government has also regrettably failed to develop a comprehensive counterinsurgency plan that integrates military, political, economic and social programs," he continued.

Former President Ferdinand E. Marcos "erroneously relied exclusively on military action. Some members of the Aquino administration believe they can rely almost exclusively on symbolic political acts to cure the insurgency," he said.

The New People's Army and the Communist Party of the Philippines, he said, remain committed to overthrowing the Aquino government and establishing a Communist state.

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MACAO: 1999 Date Is Set

(Continued from Page 1)

were in hand for Prime Minister Anibal Cavaco Silva to go to Beijing in early April to sign the final accord governing the future of Macao.

Its dismantling has caused few ripples in Portugal, which was given the right to administer the enclave by a Chinese emperor in 1557, has tried at least twice in the last 13 years to give it back to China.

Until now, Portugal has moved cautiously in the negotiations because it was eager to avoid repeating the problems of decolonization in 1975. At that time, more than 600,000 refugees fled Portugal's former African possessions.

Beijing is reportedly anxious to conclude the accord before the opening of its National Assembly on March 25 and has pressed Portugal to meet this timetable.

But Portuguese television reported Wednesday that the question of citizenship rights for about 80,000 Chinese inhabitants in Macao remained unresolved.

In its correspondent in Beijing said that Lisbon had insisted the Chinese were Portuguese citizens whose nationality rights had to be guaranteed. China said they were Chinese and has rejected proposals that they be given dual nationality.

Few other details of the final draft agreement have emerged, but reports here said it would be simultaneously made public Thursday in Lisbon and Beijing, suggesting that the nationality issue was near resolution.

CHIPS: Defying the Fitness Mania

(Continued from Page 1)

to be the nation's nutritional watchwords.

Many leaders of the Snack Food Association, the trade group representing salted snack manufacturers and the host of the convention last week, say part of the credit lies with campaigns by chippers "to take on the 'junk food' issue," as one trade publication put it.

"We are not telling people that potato chips are a basic food," said John Cady, the association's president. "But we are putting out some straightforward information: A one-ounce bag of potato chips has more Vitamin C than a small apple, less sodium than a six-ounce glass of tomato juice and, usually, no cholesterol."

On the other hand, the evidence suggests that lots of people simply ignore nutritional considerations when they buy potato chips, pretzels and other snacks.

Snack-makers have raced to keep ahead of the fitness fad with health food versions of traditional munchables, such as unsalted nuts and low-sodium nacho chips. For the most part, though, these nutritious variants have been market flops.

The paradigm, as noted by Snack Food magazine, is the granola bar, a snack food that did not exist a decade ago and that now accounts for about \$440 million (at wholesale) in annual sales.

Granola bars, the magazine says, were designed to be a "healthful, nutritious candy bar alternative."

Today, the growth area in the granola bar business is in bars containing "marshmallows, caramel, fudge and other 'gooey fun' ingredients."

The real reason for the continued popularity of potato chips may be that just about every American grew up eating them — most likely a local or regional brand.

"It's amazing how loyal people are to their hometown potato chip," said Stephen Euse, the association's legislative director and supervisor of the group's political action committee, known as SnackPac.

"When I'm going to offices on Capitol Hill, the people from Milwaukee always say, 'You know, Geiser's Potato Chips are the world's best.' And the guy from Massachusetts says, 'Oh, no, it's Tr-Sun, that's the best potato chip.' And the Californians say, 'Laura Scudder's Potato Chip is the best on earth.'"

The new potato chip flavors displayed here included curry, yogurt, cheese and garlic, lemon and herb, Sicilian, Cajun, ketchup, grilled steak, sourdough, apple, carrot, banana, plantain potato chips, and even one called the "yammer," made from sweet potatoes.

A reporter tried every flavor in an effort to ascertain the best new 1987 potato chip. The winner is the thick, tangy Mesquite Potato Chip of an Indianapolis chipper called Krunchers. It adorns every bag with its corporate philosophy: "No More Wimpy Chips!"

HOSTAGE: Envoy Is Freed

(Continued from Page 1)

head of Syrian military intelligence in Lebanon, attended the news conference.

Mr. Beri described the roles of Amal and Syria in the release of the diplomat.

"Due to intensified efforts by the Amal movement and the Syrian command, we succeeded in releasing Damanihuri safe and sound," Mr. Beri said.

"We also hope that efforts will be multiplied to secure the release of all remaining hostages with no exception," he said.

IMMUNITY: Panels Set Agenda

(Continued from Page 1)

ana Democrat who is chairman of the House panel.

The panels announced that Lawrence E. Walsh, the special prosecutor investigating the affair, had agreed to the plan to grant immunity.

Mr. Walsh asked March 10 that the committees not grant immunity to Colonel North and Admiral Poindexter for 90 days. Under limited, or "use," immunity, a witness's testimony cannot be used against him in a criminal prosecution unless it is corroborated independently.

Mr. Hamilton said Wednesday the private testimony from Admiral Poindexter would be taken in such a manner as to not harm Mr. Walsh's criminal investigation.

Admiral Poindexter resigned as President Ronald Reagan's national security adviser in November and Colonel North was dismissed from the National Security Council staff at the same time.



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The Zairian-French team caught researchers throughout the world by surprise in December with reports that it was testing AIDS immunizations in Kinshasa, Zaire. The experiments, which were be-

هكذا من النحل

Czechoslovakia Studies A Limited Reform Plan Orthodox Leaders Under Pressure To Follow Gorbachev's Initiatives

By Jackson Dichi

Washington Post Service

PRAGUE — Czechoslovakia's conservative Communist leadership, under pressure to follow the initiatives of Mikhail S. Gorbachev in Moscow, has cautiously begun to develop a program of limited reforms that has at once divided its top policy-makers and stirred long-dormant hopes for change among the public.

The Communist Party leader, Gustav Husak, 74, and most other key members of the Politburo came to power after the 1968 Soviet-led invasion that crushed the reform effort of the party leader at that time, Alexander Dubcek.

Now, Mr. Husak and his allies find themselves in the curious position of studying the reintroduction of changes that they were installed to suppress.

Next month, Mr. Gorbachev is to visit Prague on a trip that many believe may decide Czechoslovakia's imminent political course. His visit is expected to help resolve the dispute between hard-liners who want to stay with the Marxist orthodoxy that has guided Czechoslovakia for the past two decades and those who seek to ease the government's rigid controls.

Those who want less rigidity favor changes similar to Mr. Gorbachev's program in the Soviet Union of greater openness in culture and the press as well as the "democratization" of public life, the workplace and the party.

Such limited measures, however, do not go as far as the Dubcek changes of 1968. Those included greater political, cultural and economic freedom and some radical steps, such as the lifting of censorship, that remain unacceptable to Moscow.

When Mr. Husak's administration came to power, it also reversed a Dubcek program of decentralizing economic management similar to that now seemingly favored by Mr. Gorbachev.

As a result, Communist leaders in Prague are under pressure to concede that their "normalization" of the country after the Soviet invasion was mistaken in at least some ways.

It is a shift the leadership cannot easily make without undermining its own legitimacy and the record of its 18 years in power. But in a country where political authority, even by the standards of Eastern Europe, is exceptionally dependent on Moscow, any rejection of the reform course would make Mr. Husak's position equally vulnerable.

The tension that this dilemma has created within the party recently has been manifested in a sharp public debate among top leaders about how far Czechoslovak revisions can go.

"The discussion inside the leadership," noted a Western diplomat, "is about how much change can safely be carried out in the economy, and possibly in other areas, without endangering the post-1968 normalization."

As outlined by government officials, the changes under discussion in the economy, news media and political life fall well short of those advocated by Mr. Gorbachev in the Soviet Union or those already carried out in Poland and Hungary.

But diplomats and politicians in Prague say the risks that the Gorbachev era has created for the Communist elite may be as great in Czechoslovakia as anywhere else in the Soviet bloc.

Outside the leadership, there are signs that Czechoslovakia, which has made a virtue of passivity since 1968, has renewed their interest in politics and staked fresh hopes on Mr. Gorbachev.

"People who never read anything but sports are suddenly reading newspapers from the front again," said the Reverend Václav Malý, a dissident priest. "I fear they expect too much; they expect another 1968."

The extent of Moscow's political



Gustav Husak

intervention is difficult to judge. Nevertheless, the Czechoslovak leaders have recently taken the first substantive steps toward designing and testing an economic reform program and have scheduled the announcement of its "general principles" one week before Mr. Gorbachev's expected arrival.

One group of top officials, headed by Prime Minister Lubomir Strougal, has insisted in public statements that Czechoslovakia must, as Mr. Strougal said this month, "declare absolutely and unequivocally our adherence to the policy of the Soviet Union," imitating Mr. Gorbachev's economic changes and adopting his policy of openness in public life.

At the other extreme, Vasil Bilak, a Politburo member, has responded with the strongest reservations about Mr. Gorbachev yet voiced publicly in Eastern Europe.

Some Czechoslovakia, he asserted last month, "sponge on the changes in the Soviet Union while hiding their anti-social and anti-socialist activity" and "demand recantation of the lesson" of 1968. "They will not live to see that," he declared.

Western observers say that the more liberal current represented by Mr. Strougal is slowly gaining favor. But they note that the differences between them are not as great as they sometimes appear.

"They are stressing different elements of the same program," said one veteran diplomat in Prague. "After all, no one is talking about making a major break with the Husak era."

As described by government officials, the actual revisions being prepared are relatively modest. In essence they are designed to remove some central controls over individual enterprises and give factories incentives to be efficient and profitable.

The authorities have ruled out more radical steps, such as workers' self-management of factories and bankruptcy proceedings for unprofitable companies, endorsed by Mr. Gorbachev and already carried out in Hungary and Poland.

Living Abroad

The Swiss School: Parents Are Hesitating

By Sherry Buchanan

International Herald Tribune

LONDON — Several kinds of Americans send their children to Swiss boarding schools: those who can afford it, those whose companies can afford it, those who want social status, those who want the child to have an international experience and those who want a break from the child or whose child wants a break from them.

At the turn of the century, it became fashionable for European aristocrats to send their children to Swiss boarding schools, a practice soon followed by rich Americans, South Americans and, later, Arabs.

In addition to their snob value, most Swiss boarding schools, unlike French, English or American ones, could boast an international environment. Le Rosey in Rolle, for instance, has 332 students from 38 countries.

The Swiss schools also offer a variety of degree programs, something that is less common in other boarding schools around the world.

But even among well-off U.S. parents and companies, there is a limit to how much they are willing to pay. With the falling dollar and the decrease in corporate generosity, the limit is currently being reached.

According to Emily S. Lewis, a New York-based educational adviser who charges parents \$700 per child for placement in a Swiss school, the cost of an exclusive Swiss boarding school is now \$3,000 to \$4,000 higher than the average cost of an exclusive U.S. prep school. A U.S. school now costs \$10,200 to \$10,700 a year.

"It's nip and tuck right now," said Raymond E. Doerge, headmaster of the American School in Leyser, which recruits among U.S. corporations in the Middle East. The school charges corporations \$13,400.

"U.S. companies are sending single people to Saudi Arabia," he said, "and they are cutting back on the educational allowance."

The American School in Switzerland in Lugano has cut its total enrollment from 270

boarders to 250, gives corporate discounts and bears the brunt of the exchange-rate risk should the dollar fall during the school year.

Boarding schools that do not recruit students exclusively through U.S. corporations have also seen a drop in enrollment by American students due to the declining dollar and many American parents' fear of international terrorism.

An exclusive girls' boarding school in Lausanne, which costs 30,000 Swiss francs

The consensus among those planning to send their children to a Swiss school was that it should be for a maximum of three years. "If we can afford it," they added.

"I wouldn't put my child in as young as when I was sent to boarding school," said Evelyn Reynolds, a banker. She went to Marie-José in Gstaad at the age of 8, then to Le Rosey, Boston University and the University of Brussels.

Charles Cochand, a Canadian lawyer who practices in London and who went to Aiglon College in Chese-les-Villars for four years, agreed. He has two sons.

"I would send my boys like a shot," he said. "It gave me a chance to get away from my parents to find out who I was. I did a lot of growing up there."

However, those opposed to sending their children to a Swiss school argued that there was not any point in having children unless you looked after them yourself.

Others said they did not believe their children could learn basic values in the exclusive, elitist world of boarding schools which, they say, place too much emphasis on money.

Some, familiar with both Swiss and U.S. schools, said that this was less true of the more exclusive U.S. schools.

Katrina de Carbonel, who went to Marie-José at the age of 7, then to Miss Porter's in Farmington, Connecticut, Cornell University and Harvard University, prefers U.S. prep schools.

"The atmosphere is more wholesome," she said. "Money is not emphasized as much. It is more what you as a person can achieve. In Swiss boarding schools, you get a bit of a decadent feeling. They don't motivate you to go out and do things on your own."

"You wouldn't catch me dead putting my kids there, as happy as I was when I was there," said a former Le Rosey student who later went to an Ivy League college in the United States. "It causes trouble for people once they are out in the real world."

U.S. companies are sending single people to Saudi Arabia, and they are cutting back on the educational allowance.

— Raymond E. Doerge, headmaster of the American School in Leyser

(\$20,000) and offers a variety of study programs, reported a 55-percent drop in U.S. enrollment this year over last year and expects a further drop next year.

In addition to cost considerations, attitudes are changing.

In an informal poll, 30 graduates of Swiss boarding schools, now in their 30s, were asked whether they planned to send their children to a Swiss school. Although 58 percent said they did, a significant minority, 42 percent, either said they were against boarding school altogether or against boarding school in Switzerland.

Of those interviewed, the majority went to Le Rosey, which charged 34,500 Swiss francs a year. A majority then went on to college in the United States and half started work there in the 1970s. They all said they were happy in boarding school.

U.S. State Dept. Faces Deeper Budget Cuts in '88

By Don Oberdorfer

Washington Post Service

WASHINGTON — The State Department and foreign aid budgets probably will be cut further below their already reduced levels rather than raised substantially next year as the Reagan administration has proposed, a key congressman has told Secretary of State George P. Shultz.

"We'll have to start withdrawing from the world," responded Mr. Shultz. "It's a tragedy."

He said Tuesday that the most likely State Department response to further cuts would be to close consulates in West European countries. The United States already plans to close seven consulates this year. Last year it shut five.

Mr. Shultz described recent cuts in the nonmilitary foreign affairs budget as "a major foreign policy crisis" and the top problem facing U.S. diplomacy.

Representative Daniel A. Mica, chairman of the House Foreign Affairs Subcommittee on International Operations, said Tuesday at the end of a hearing that the foreign affairs budgets for the 1988 fiscal year probably would be cut from 1987 levels. The cuts, according to the Florida Democrat, would come despite Mr. Shultz's pleas and his belief that "diplomacy and the State Department are being nibbled to death."

Mr. Shultz indicated that one result may be the closing of 20 to 25 U.S. diplomatic posts abroad, or about one-tenth of the 249 embas-

sies, consulates and special U.S. missions around the world.

The undersecretary of state for management, Ronald I. Spiers, said the most endangered posts are U.S. consulates in France, Germany, Britain, Italy, Greece, Turkey, Switzerland and other West European countries.

"If we are frozen, much less cut, we are in deep trouble," Mr. Spiers said. "It would mean a restructuring of our foreign affairs establishment and deep reductions in our overseas diplomatic presence."

Congressional sources said cuts of about 4.5 percent below the 1987 level are being discussed in both foreign aid allocations and the State Department budget. Both those budgets suffered sharp reductions in fiscal 1986 and 1987.

Data compiled by the House Foreign Affairs Committee suggested that the United States would fall close to \$1 billion short this year of meeting its promises to eight countries where it has military bases — Oman, Turkey, Portugal, Spain, Greece, the Philippines, Kenya and Somalia.

Meanwhile, congressional and department sources said that the department's second-ranking official, Deputy Secretary John C. Whitehead, would soon take charge of the politically sensitive foreign aid program.

The shift may mean a reduction in work for Edward J. Derwinski, a former Illinois congressman who was named undersecretary for security assistance, science and technology in October.

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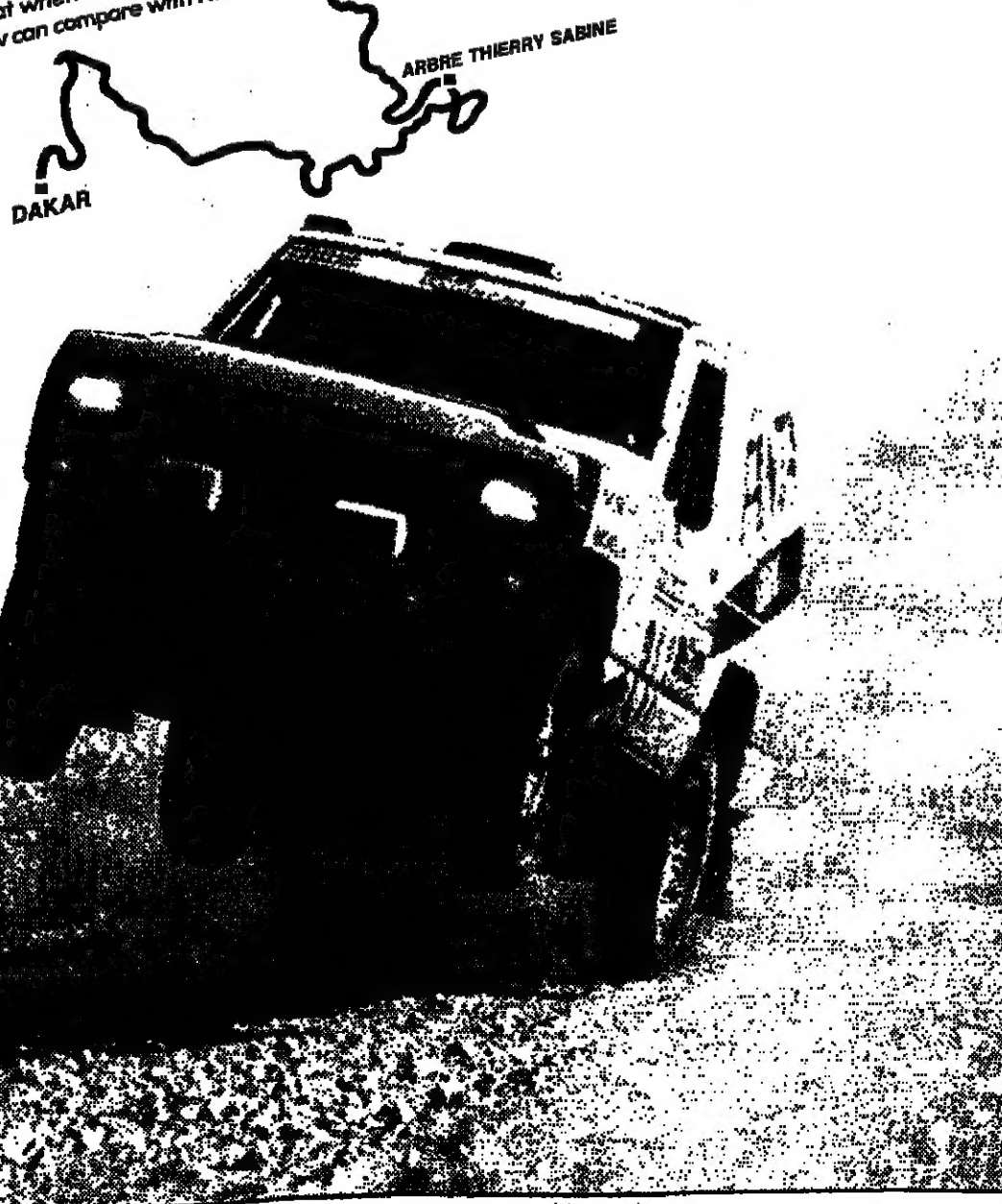
This year the Nissan Patrol not only succeeded in completing the rally—it finished 1st in its class and 9th overall. Competing in Group 6, Class 2, Diesel Prototype 4WD, it had the added distinction of being the only diesel vehicle among the top 10 finishers.

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Results of 9th Paris-Dakar Rally (Group 6, Class 2 Diesel Prototype 4WD)

Place	Vehicle	Drivers	Total Penalties (hrs)
1	NISSAN PATROL	Yoshiaki Kamekura / Tetsuo Kamekura	8:55:00
2	Toyota Land Cruiser	Yoshiaki Kamekura / Tetsuo Kamekura	9:05:00
3	Toyota Land Cruiser	Yoshiaki Kamekura / Tetsuo Kamekura	9:15:00
4	Mercedes 260CD	Yoshiaki Kamekura / Tetsuo Kamekura	9:25:00
5	Mercedes 260CD	Yoshiaki Kamekura / Tetsuo Kamekura	9:35:00
6	Mercedes 260CD	Yoshiaki Kamekura / Tetsuo Kamekura	9:45:00
7	Toyota Land Cruiser	Yoshiaki Kamekura / Tetsuo Kamekura	9:55:00
8	Toyota Land Cruiser	Yoshiaki Kamekura / Tetsuo Kamekura	10:05:00
9	Toyota Land Cruiser	Yoshiaki Kamekura / Tetsuo Kamekura	10:15:00
10	Mitsubishi Pajero	Yoshiaki Kamekura / Tetsuo Kamekura	10:25:00

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Ortega Says Peace Plans Are Doomed Unless the U.S. Changes Its Attitude

By Stephen Kinzer
New York Times Service
MANAGUA — No peace plan for Central America, including the one that the U.S. Senate backed last week, could succeed without a fundamental change in the attitude of the Reagan administration, according to President Daniel Ortega Saavedra of Nicaragua.

But Mr. Ortega said Tuesday that the Sandinist government was willing to make concessions that would satisfy American security concerns in the region.

In an interview, Mr. Ortega said Nicaragua was willing to sign an accord that would allow American troops to establish bases and conduct maneuvers in any country that invited them.

He said the Reagan administration was putting pressure on Central American leaders not to agree to a plan such as the one proposed by President Oscar Arias Sánchez of Costa Rica and endorsed by a 97-1 vote of the U.S. Senate. He said presidents of Central American countries would face the wrath of Washington if they reached an agreement with Nicaragua.

"If they take a real step toward peace, that will mean confrontation with the United States," he said. "If they don't have the firmness to confront this risk, which could include reprisals by the Reagan administration, the only alternative is economic and military disaster in Central America."

State Department officials have said they favor a peace agreement in Central America. But they have expressed reservations about both the Arias plan and aspects of the Contadora proposal drawn up by Colombia, Venezuela, Panama and Mexico.

U.S. officials have said the Sandinists should negotiate not with Washington, but directly with rebel leaders. The Sandinists refuse to do so, arguing that the rebels are a creation of the Reagan administration.

"As long as the United States is not willing to negotiate," Mr. Ortega said, "the Arias proposal, the Contadora proposal and the proposals made by Nicaragua and other Central American countries will remain only proposals."

"If there is a desire on the part of the United States to reach an agreement, one could be reached quickly, and it would respond to the major security concerns of the United States," he added.

Mr. Ortega and other Central American leaders are scheduled to meet in Guatemala in May to discuss the plan proposed by Mr. Arias.

The text of the 10-point Arias plan has not been made public. But according to diplomats and published reports, the plan would forbid any Central American country from allowing its territory to be used for attacks on other countries.

Countries that sign the plan would agree to discuss arms limitations, negotiate possible reductions in the size of their armies and ask outside powers to stop aiding anti-government rebels. But no firm commitments in these areas would be required.

In addition, the Arias plan requires each Central American country to encourage full political pluralism and consent to international monitoring of future elections. Complete press freedom would have to be permitted within 60 days of the signing.



A street vendor hawking La Epoca in Santiago.

Opposition Newspaper Hits the Streets in Chile

By Juan de Onis

Special to the Herald Tribune
SANTIAGO — La Epoca, the first independent daily newspaper authorized to publish in Chile since the military took power 15 years ago, appeared on newsstands Wednesday in declared opposition to President Augusto Pinochet's government.

"We are committed to democracy in Chile as the best system to assure peaceful, stable and just coexistence," said an editorial in the first issue. "We are against dictatorships of any color, now and in the future."

The new daily announced an inaugural press run of 140,000 copies and projected an eventual daily circulation of 100,000. Newsstand operators said sales were brisk and some sold out by mid-morning.

The opposition nature of the new paper, which describes itself as "independent," was evident in the first issue. A cartoon showed two urban professionals discussing politics. One says: "Do you think it's too much terrorism to ask for free elections?"

A political commentary on the editorial page sharply criticized the Pinochet government's maintenance of a "state of emergency" that allows suspension of constitutional guarantees, including habeas corpus and freedom of association and of information.

White House Withdraws Computer Control Plan

New York Times Service

WASHINGTON — Under fire from a House of Representatives committee, the Reagan administration has rescinded a plan to tighten control over the release of potentially sensitive unclassified information stored in computers or transmitted electronically.

The plan was intended to frustrate attempts by foreign intelligence agencies to ferret out secret data by piecing together a "mosaic" from the wide range of data available to the public from computer data bases and elsewhere.

The policy, approved last year by Rear Admiral John M. Pineda, who at the time was the president's national security adviser, called on government agencies to identify sensitive unclassified information and to prevent its disclosure to those who could misuse it.

Efforts to carry out the policy were assailed by civil liberties groups and members of Congress. Among the efforts was an attempt to determine which computer data bases had been searched by an Iraqi graduate student at the State University of New York at Buffalo.

President Ronald Reagan authorized a broad effort to improve computer and communications security in a National Security Council directive in September 1984.

Howard H. Baker Jr., the White House chief of staff, said in a letter to Representative Jack Brooks, a Texas Democrat who is chairman of the National Security subcommittee of the House Government Operations Committee, that Frank C. Carlucci, the national security adviser, "has moved promptly to rescind the policy directive which you have cited as troublesome."

Several administration officials said the move reflected the decision by Mr. Baker and Mr. Carlucci to take a more conciliatory approach toward Congress than their predecessors on national security issues.

Pope to Visit West Germany

Reuters

VATICAN CITY — The Vatican announced Wednesday that Pope John Paul II will make an official visit to West Germany, beginning in Cologne on April 30.



Senator Dennis DeConcini

DeConcini Emerging as Pick for FBI

New York Times Service

WASHINGTON — Senator Dennis DeConcini of Arizona is emerging as a leading candidate to succeed William H. Webster as the director of the Federal Bureau of Investigation.

The choice of Senator DeConcini, a Democrat, would offer the Reagan administration at least two advantages.

The nomination would be likely to breeze through the Democratic-controlled Senate and would open the way for the new governor of Arizona, Evan Mecham, a Republican, to appoint a member of his party to replace Senator DeConcini, thereby narrowing the Democratic majority.

President Jimmy Carter also picked a member of the opposite party when he appointed Mr. Webster, now headed for the Central Intelligence Agency, to the FBI.

Senator DeConcini, said the FBI job "is not something I really expect" but added that it would be "presumptuous not to give it serious consideration" if it were offered.

Administration officials also said President Ronald Reagan intended to nominate Glenn C. Loury, a professor of political economy at Harvard, to be undersecretary of education, replacing Gary L. Bauer, who has moved to the White House.

Professor Loury, a conservative who has denounced many forms of affirmative action, would become one of the highest-ranking blacks in the administration.

Yugoslavia Refuses to Cancel Cuts in Salaries

Agence France-Press

BELGRADE — The Yugoslav government, while recognizing that last week's labor strikes were widespread, firmly rejected Wednesday workers' demands that it withdraw legislation to reduce wages.

The legislation, aimed at achieving wage reductions of from 20 to 50 percent, "will be implemented as it stands and with no exceptions," said Svetozar Rikunovic, the federal secretary for finance.

The government of Prime Minister Branko Mikulic adopted the law last month. It triggered the nationwide wave of strikes.

Although most strikers went back to work Monday, many were threatening new strikes if the law were not withdrawn.

A new series of work stoppages may be started by employees of companies that have not yet paid wages for February, according to union southwestern region of Croatia, particularly in Zagreb, where there has been the heaviest hit by the strikes. At least 40 businesses have shut down in Zagreb.

In the town of Varazdin, north of Zagreb, 25,000 of the 30,000 local employees will soon see their February wages cut by 20 to 30 percent.

The Croatian union leader, Ivo Blandzija, has openly blamed the current crisis on "policy makers."

The government remains determined to push through its measures.

When it came to power in May 1986, the government faced a \$20 billion foreign debt, high inflation and 1.2 million unemployed. The government has also taken steps to cancel wage increases given by many companies before the law came into force.

The Communist League of Croatia has said it would ask the government to change the law.

Mot Sets 6-Day Workweek

Agence France-Press

NAIROBI — President Daniel arap Moi of Kenya has directed employers in the private sector to return immediately to a six-day workweek. Labor Minister Peter Okondo announced Tuesday.



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Luxembourg	L.Fr.	10,700	5,800	3,200	29	50	L.Fr. 21	L.Fr. 7,644
Netherlands	Fl.	634	340	190	1.75	3	Fl. 1.25	Fl. 455
Norway*	N.Kr.	1,630	880	490	4.50	8	N.Kr. 3.50	N.Kr. 1,274
Portugal	Esc.	19,000	10,400	5,700	52	125	Esc. 73	Esc. 26,572
Spain*	Ptas.	26,500	14,600	8,000	73	135	Ptas. 62	Ptas. 22,568
Sweden*	S.Kr.	1,700	920	520	4.70	8	S.Kr. 3.30	S.Kr. 1,200
Switzerland	S.Fr.	490	270	148	1.35	2.50	S.Fr. 1.15	S.Fr. 418
Rest of Europe N. & French Africa, Middle East	\$	400	220	120	1.19	Varies by country	\$ 0.89	
Rest of Africa Gulf States, Asia	\$	550	300	165	1.64	Varies by country	\$ 1.51	

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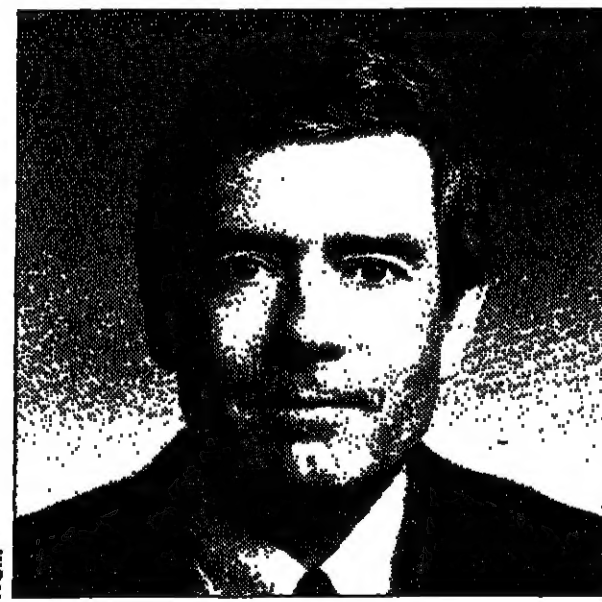
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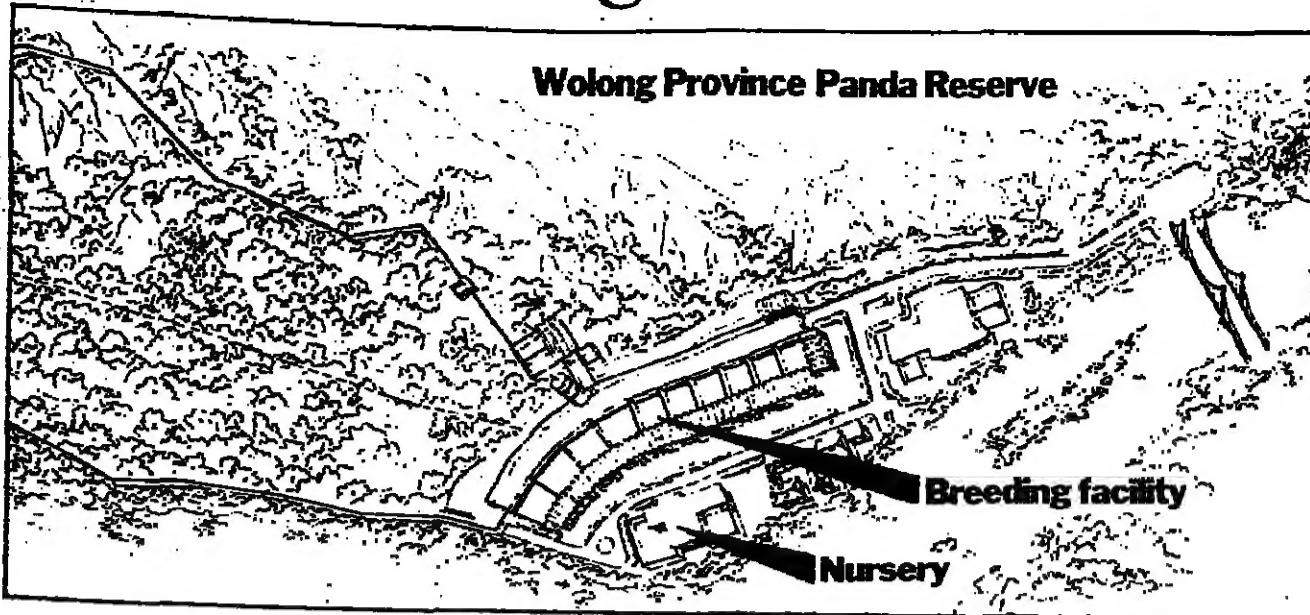
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SCIENCE

Pandas Losing Survival Battle

By John Noble Wilford
New York Times Service

DESPITE conservation efforts by the Chinese government and international scientists, the number of giant pandas is continuing to decline sharply.

Few large animals pose a greater challenge to those seeking to save them. For pandas are picky eaters, unusually sensitive to human intrusion and lackadaisical in the affairs of procreation.

The World Wildlife Fund, declaring a "panda emergency," this month announced a campaign to save the remaining animals through new measures to protect the mountainous bamboo forests where they live, to reduce inbreeding in isolated populations and to improve the breeding of captive animals.

According to a new census, fewer than 700 pandas are left in the wild, all in the province of Sichuan on the eastern edge of the Tibetan plateau of China. More than 100 survive in zoos around the world as well as new breeding centers associated with some of the 12 panda reserves where most of the wild pandas live. The reserves were set aside by the Chinese government to protect the dwindling natural habitats.

Scientists said the census, conducted by China's ministry of forestry and the wildlife fund, a private conservation organization, indicated that the panda population had declined by about 200 in the last decade. Several colonies have disappeared altogether, and many others have been reduced to fewer than 20 individuals, which is considered too small to remain viable.

On a visit to Sichuan last fall, a delegation of Western scientists, led by Prince Philip of Britain, international president of the wildlife fund, found that human encroachment on the panda habitats remained the most serious problem. Hunting of pandas has been outlawed, but thousands of people live on the reserves, farming and hunting and generally driving the animals deeper into isolated pockets. For example, more than 3,000 people live in Wolong Reserve, which is the largest protected area, with about 100 pandas.

"The government is lax in maintaining control over the Wolong villagers," said George B. Schaller,

a naturalist with the New York Zoological Society. The people of Wolong set out snares to catch musk deer, he said, but sometimes they kill a panda inadvertently. Some of the other reserves are more rigorously controlled, he said.

Another cause for concern, the scientists said, were the timber-cutting practices in panda reserves. Pandas prefer to forage in bamboo thickets only in the shelter of tall trees whose branches shade more than 70 percent of the ground. But the reserves are administered by forestry officials who must not only protect the pandas but also provide timber. As the trees are harvested, the pandas seek new habitats, even if it means abandoning a bountiful supply of their favorite bamboo.

Satellite photographs of panda habitats during the last decade show a direct correlation between forest harvesting and the departure of pandas, according to a report of the visit of Western scientists to Sichuan in the journal *Nature*. The photographic analysis was conducted by Robert de Wulf of the State University of Ghent in Belgium.

ONLY 20 percent of the bamboo highlands where pandas used to range remains a suitable habitat, scientists said. Pandas live mainly on bamboo shoots, stems and leaves found at elevations of 5,000 to 12,000 feet (about 1,500 to 3,600 meters).

Even more serious than the shrinking size of the habitat is the increasing isolation of pandas into small populations set apart by clear-cut areas and other barriers. John MacKinnon, head of the Wildlife Fund's panda preservation project, and Kenneth Johnson, a biologist at the University of Tennessee at Knoxville, estimate that about 35 such isolated populations exist and that most have fewer than 20 individuals.

This puts the species in grave danger from inbreeding and demographic "crashes," according to the *Nature* article, by Stephen J. O'Brien and John A. Knight. Dr. O'Brien is a geneticist at a National Cancer Institute laboratory in Frederick, Maryland, and Dr. Knight is manager of the Doha Zoological Gardens in Qatar.

When the number of animals in an isolated community is so low,

they are especially vulnerable to chance events. A new generation could be either male or female. Or the major breeding male could be killed by poachers.

If the pandas are unable to migrate freely, moreover, they are at greater risk from such natural events as the periodic die-out of bamboo species. About every 40 years, bamboo plants flower and die. It takes a year for them to regenerate from seed and as much as 10 years for the plants to support a panda community.

Free-ranging pandas can move to less favored varieties of bamboo. The recent population decline in the Wolong Reserve may be attributed in part to a bamboo die-out, scientists said.

Dr. O'Brien said the genetic effects of the isolated populations could be insidious, eventually leaving the pandas more susceptible to devastating epidemics and reproduction difficulties. A community population of at least 50 is considered more effective for healthy breeding.

Connecting corridors of bamboo and sheltering trees between the remaining panda habitats are a key to the preservation strategy recommended by scientists for the World Wildlife Fund and the Chinese ministry of forestry.

"The only hope for pandas in nature," said William G. Conway, director of the New York Zoological Society, "will depend on the ability of the Chinese to put together larger contiguous pieces of panda habitat."

Part of the problem lies in the nature of pandas. They are solitary creatures. A female comes into heat for only two or three days each year. And it is not always certain that a male partner will respond.

Although zoos have had some success with artificial insemination, scientists have difficulty identifying the hormonal signs of ovulation and thus are not sure when to perform the procedure. Dr. Schaller said it took scientists at the Wolong Reserve five years to produce the first birth by artificial insemination.

After conception and birth, a panda's survival is still problematic.

At birth, a panda cub weighs less than five ounces, and many never live to be 200-pound adults. Of 51 pandas born between 1963 and 1983 at the Beijing Zoo, only 19 lived for more than two months, a survival rate much lower than that of other zoo-bred species.

In an effort to encourage panda mating, Dr. Conway helped design a panda breeding facility at the Wolong Reserve. He calls it a panda-damium.

Each panda has its own little house and backyard, which faces on an alley running by the row of enclosures. Any panda can take the alley out to a vast enclosure to feed on bamboo. Or a female in heat can parade up and down until she attracts a responsive male.

Similar facilities are being established at other reserves. The ultimate purpose, Dr. Schaller said, should be to breed more pandas and introduce them into the wild.

Pandas, who live mainly on diet of bamboo (right), suffer from 40-year-cycle of bamboo die-off when they are unable to find new bamboo sources. Drawing (top left) shows the "panda-damium," which gives each panda its own house but provides an alley where pandas can meet and mate or dine in nearby bamboo thicket.

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IN BRIEF

Defibrillators Can Cut Cardiac Deaths

NEW ORLEANS (AP) — Permanently implanted electrical devices that jolt the heart back to normal rhythm can virtually eliminate death from cardiac arrest.

Two research teams presented evidence that these devices, known as defibrillators, can dramatically reduce the death rate in people who are at high risk of these seizures. "We are dealing with virtual eradication of cardiac mortality in these patients," said Dr. Michel Mirowski of Johns Hopkins, where the device was first implanted seven years ago.

The device was approved for routine use about a year and a half ago, and 1,300 of them have been installed around the United States. Virtually all have been given to people who have survived one episode of cardiac arrest or the extremely rapid heartbeat that frequently precedes it. Such people are at high risk of suffering another attack. Studies have shown that between 30 percent and 60 percent of them die annually of heart rhythm disturbances. In the two followup studies, less than 2 percent of the patients died during their first year with the devices.

H-Bomb Blast Pales Beside Asteroid

WASHINGTON (APF) — An asteroid chunk which struck the earth 2.3 million years ago caused a blast 172 times bigger than the largest hydrogen bomb ever exploded — equivalent to almost a billion tons of TNT, scientists who examined debris from the impact have said here.

"It's the largest object ever to fall to Earth from which we have recovered intact samples," said a U.S. Department of Energy spokesman, adding that the prehistoric collision might have helped to trigger Earth's Ice Age.

Geochemists Frank Kyte and John Wason of the University of California at Los Angeles based estimates of the rock's size on fragments collected in the southeastern portion of the Pacific.

Whale Fossils Show Mountain Surge

NEW YORK (NYT) — Scientists have found fossils of whales and other marine animals in mountain sediments in the Andes, indicating that the South American mountain chain rose very rapidly from the sea.

The rare assemblage of fossils, recovered on an expedition by the American Museum of Natural History to a remote plateau in southern Chile, is expected not only to illuminate an obscure epoch of animal evolution but also to document the rise of the Andes mountains in the past 15 million years.

Among the fossils the scientists reported bringing back were the bones of whales and other marine animals found at altitudes of more than 5,000 feet. When these animals died from 15 million to 20 million years ago, their carcasses settled to the ocean floor and were embedded in submarine sediments. But since then, the violent upthrusting of the Andean chain has carried the sediments to the tops of mountains. In geological terms, the time the fossils look to rise from ocean floor to mountain top was relatively brief. The presence of interesting fossils on the plateau was detected by an amateur Chilean paleontologist.

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TWA

High and Low Intensity: Two Emotional Cultures

By Daniel Goleman
New York Times Service

EMOTIONAL intensity, a major, lifelong aspect of temperament, is emerging as a fruitful area of research that is yielding insights into how people experience themselves and others. Although the idea that people differ in emotional intensity is not new, systematic new research is revealing important differences in the way that those with high and low intensity perceive, think about and react to events.

Some people, psychologists are observing, find themselves in emotional turmoil even in reaction to mundane events, while others remain unperturbed under the most trying of circumstances.

Those who live lives of deep emotional intensity, researchers have found, seem to have a more complex sense of themselves and lead lives that are more complicated than do those whose emotions are less strong.

"One of the more emotionally intense people we studied was a woman who, for instance, was once depressed and distraught for days after she lost her pen," said Edward Diener, a psychologist at the University of Illinois. On the other hand, he said, she became so thrilled on seeing an advertisement for a big sale on expensive women's shoes that "she hopped in her car on the spot and drove three hours to the store in Chicago."

"One of the least intense," Diener added, "was a man who, one evening, spotted a fire that had broken out in a college dorm and got an extinguisher and put it out. But instead of running, he walked to get the extinguisher and walked back to the fire."

The new data shows that what are considered psychological disorders may, in fact, be simply the extremes of a continuum of normality.

The most highly reactive people

seem to have what psychotherapists call a "cyclothymic" personality given to grand mood swings. At the extreme, he said, the tendency slides into a mild form of manic-depressive disorder.

At the other end of the continuum are people who are so impervious to events that they hardly seem to have emotions. Some of these may have "alexithymia," a term applied to those who say they have no feelings at all — or who at least cannot find the words to describe the feelings — or anhedonia, the inability to feel pleasure.

"The emotionally intense people seek variety, novelty, complexity," said Robert Emmons, a psychologist at Michigan State University. "They have more varied goals in life, know more people in more different situations, and because they are doing so many different things, feel more conflict in their lives. They may want to work hard, to achieve success at work, while at the same time trying to spend more time with a range of friends."

These conflicts can be a source of stress for the emotionally intense, and may explain why they report getting more minor illnesses, like colds and flus, than do less emotional people.

MUCH of the conflict felt by the highly emotional, according to Dr. Emmons, is over whether to express or act on their feelings. "Although they may feel intensely, they do not always express themselves openly," Dr. Emmons said. "Intense people who are bottled up are in the worst situation."

In an article to be published in the *Journal of Personality and Social Psychology*, Dr. Diener and Randy Larsen, a psychologist at Purdue University, report that the difference in emotional styles is closely tied to a difference in how people think about events. In one study, volunteers kept a record of their day-to-day lives and their

emotional reactions; in another they were shown disturbing slides and their responses were analyzed. From studies such as these a portrait is emerging of the distinctive mental lives of those who have tumultuous or placid emotions.

For example, highly emotional people, when shown disturbing slides — a woman holding an injured, bleeding baby, for example — had an immediate thought that personalized the event.

The unemotional people, though, more often focused on a factual detail of the pictures; one commented about a slide of a dying man. "It looks like his pants are brand new."

In addition to relating the disturbing slides to themselves, the highly emotional people tended to focus their attention on the worst part of the slide and to make a generalization about it, such as thinking about how much evil there is in the world. Such people, Dr. Larsen and Diener conclude, tend to see themselves as at the center of an emotional vortex: they overestimate the extent to which events relate to them, and become excessively absorbed in what those events mean to them.

This tendency to exaggerate the emotional impact of events extends, too, to how highly emotional people assume others respond to those same events. Dr. Larsen has found that the emotionally intense tend to assume that everyone else experiences things with similar emotional urgency.

Even the most volatile people seem gradually to mellow with age, according to a study of emotional intensity in 242 people aged 15 to 70, as reported last year in the *Journal of Developmental Psychology*. The average level of intensity, the study found, drops with each decade of life, with the most pronounced drop between early adulthood — roughly the 20s — and early middle-age in the 40s.

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Back to the ABM Treaty

Without care for facts or credibility, the Reagan administration started the world more than a year ago by asserting a new interpretation of the Anti-Ballistic Missile Treaty. With great attention to treaty text, negotiating history and testimony before Congress, Senator Sam Nunn has now demolished these legal fantasies. President Reagan would do well to hear out the chairman of the Armed Services Committee.

Mr. Reagan asserts that virtually any kind of space-based weapon can be tested — in defiance of the restrictive interpretation given when the Senate approved the 1972 treaty. If he presses ahead with that broad interpretation, he could have a constitutional crisis on his hands.

The ABM treaty sharply limits deployment of systems to destroy attacking missiles. The framers intended to prevent a combination of offenses and defenses — strike first and protect later — that might make nuclear war thinkable. The language of the treaty also declared that the parties would not "develop, test or deploy ABM systems or components which are sea-based, air-based, space-based or mobile land-based." These prohibitions constituted the restrictive interpretation.

There thus stood until Mr. Reagan's 1983 speech proclaiming what became his Strategic Defense Initiative. But how to develop such space-based weapons without abrogating the treaty? First came the "loophole" that America would test "subcomponents," not "components." Imagine the reaction if Moscow were to assert such foolishness. Then came the uplifting rhetoric about persuading Moscow to accept the new age of defenses. But Moscow would not accept cuts in offensive arms without continued restrictions on defenses.

When these administration efforts failed, the Pentagon and the State Department created the new interpretation. Officials argued that an agreed statement in the back

of the treaty allowed full testing of "exotic" systems such as lasers and particle beams, the kind that did not exist at the time of the treaty. Not so coincidentally, these were precisely the kinds of systems called for in Mr. Reagan's "star wars" plan.

The Pentagon explained that this new legal insight had been brought to its attention by an inexperienced lawyer with the name of the treaty. Now it is learned that key sections of the State Department report to Congress on the new interpretation were also prepared by "young lawyers" on the staff of Abraham Sofaer, the department's chief attorney. Initially the department defended Mr. Sofaer's report as "carefully reviewed." Now the former federal judge has acknowledged shortcomings in his analysis, although he stands by the new line.

Mr. Nunn, in important speeches to the Senate last week, noted the inevitable ambiguities in the treaty record but labeled Mr. Sofaer's account a "complete and total misrepresentation" of key parts of that record. Among other compliments, the Georgia Democrat known for understatement termed the Sofaer report "fundamentally flawed," "a serious error" and "ideologically driven."

Perhaps most strongly, Mr. Nunn underlined the fact that the Nixon administration offered only the restrictive interpretation at the time the Senate approved the treaty. The Senate did so with the strict language in mind. To now assert that black is white, after 15 years of both Moscow and Washington interpreting the treaty in the traditional manner, would make a mockery of the whole treaty ratification process.

President Reagan has asked Mr. Sofaer to study the record again and report back before May. That allows the president time to ponder a constitutional confrontation with Congress over treaty ratification procedure — and a hopeless deadlock in the arms talks with Moscow.

— THE NEW YORK TIMES

Educate Against AIDS

There is no known cure for AIDS. And if a successful vaccine can be developed, says Otis Bowen, secretary of health and human services, "it will not be generally available for some years to come. Our best hope today for controlling the AIDS epidemic lies in educating the public about the seriousness of the threat, the ways the AIDS virus is transmitted and the practical steps each person can take to avoid acquiring or spreading it."

With these straightforward and sensible words, the U.S. Public Health Service this week released plans for a national campaign of AIDS education. It is a welcome step.

Doctors have praised the government's support of biomedical research, but plans for an educational effort were thought to have been held up because of a dispute within the administration over whether to emphasize abstinence and monogamy or the techniques of safe sex. Practical experts have prevailed, and both themes are included in the plan. Why not? Some may find it distasteful that the government should be advising citizens on something so personal as their sex lives and their moral obligations to sex partners, although state criminal codes are replete with such restrictions. But in the case of AIDS, moral convictions are not the impetus. The very real death threat of an epidemic is the motivating force. When the government's

leading medical experts warn that "multiple sex partners increase your risk of acquiring the AIDS virus," they are not being prudish or judgmental. They are simply stating a frightening and incontrovertible medical fact. They are trying to save lives.

Of course, teenagers do not always take good advice, and many will not accept abstinence. So the Public Health Service will provide state and local educators with information to help them reduce the risk of AIDS among this group. These programs will be developed at the local level and in conjunction with parent groups. In addition to efforts to reach those of school and college age, the government will begin campaigns directed at the public at large, the high-risk groups in particular and members of the health professions. A timetable has been established and some work has already begun.

A telling note: We observe that each time we write in this space about AIDS, we must use new figures. The number of AIDS deaths increases relentlessly. At the end of last month we wrote that just over 17,000 Americans had died of the disease. On March 2, that figure was 18,385. Education is now the only defense against the epidemic. The federal government has rightly assumed the responsibility to lead that effort.

— THE WASHINGTON POST

Asylum Made Easier

Luz Marina Cardozo-Fonseca is a 38-year-old Nicaraguan citizen who entered the United States as a visitor in 1979 and now claims asylum to avoid deportation. The immigration law gives the attorney general the right to grant asylum if an applicant has a "well-founded fear of persecution" in his homeland, and many Central Americans now in the United States have applied. Until last week, immigration officials required an applicant to demonstrate that there was a "clear probability" of harm if he returned home. This standard, which looks to objective evidence and specific facts, is a difficult one for an alien to meet.

Miss Cardozo-Fonseca argued that an easier standard should be used, requiring only a showing of a more subjective "well-founded fear of persecution." The Supreme Court, looking at the clear language of the statute and its legislative history, agreed.

The decision is good news for many thousands of refugees who seek haven. But the new standard is by no means an automatic bar to deportation. Proving that one's fear

of persecution is well-founded is not an easy burden. In Miss Cardozo-Fonseca's case, Justice Lewis Powell points out in dissent that her claim is based entirely on the fact that one of her brothers was at one time arrested and tortured by the Nicaraguan government. She herself has never been politically active, and she never helped her brother in any of his activities.

Even if an applicant can prove a well-founded fear of persecution, asylum is not automatic. It is, as a majority of justices point out, within the discretion of the attorney general, who may choose to proceed with deportation proceedings in any event.

Still, the court has interpreted the statute with compassion and generosity. Ordering deportation is always difficult, but when an alien claims that he faces persecution, there is a special duty to treat his application as the life-or-death matter that it is. The easier standard the court now requires is the preferable one in a country founded as a haven and enriched by refugees from persecution.

— THE WASHINGTON POST

Other Comment

Not a Bad Start in Beirut

Syrian attempts to impose order on Beirut have succeeded, as far as they go. The daily carnage in the west of the city has abated. Militiamen who queued at the barriers to remove their badges of office, their seven-day beards, have not yet regrown them. Christian leaders have kept their opposition mainly at the verbal level. Not a bad few weeks' work, in short, by the only force able to rescue Lebanon from its suicidal self. But [Syria's] mission is still in the first stages of accomplishment.

— The Guardian (London)

Faulkner Gets His Revenge

It's poetic justice a commemorative stamp will honor William Faulkner. In 1921 he applied for a fourth-class postmaster's job. It is said he let the mail pile up, sometimes placing it in a garbage can out front while he sat inside and read magazines. When he was fired, he commented that he would never again let himself "be at the back and call of every S.O.B. who wants to buy a two-cent stamp." At any rate, we applaud the gesture of the Postal Service for recognizing Faulkner's genius as a writer, not as a postmaster.

— Greenwood (Mississippi) Commonwealth

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OPINION



Singapore: Have Three, While Minding the Image

By Richard Reeves

SINGAPORE — After years of successfully persuading the people of this crowded island not to have more than two children, the government recently announced that it has changed its mind. Now, Singaporean couples will be paid at least \$10,000 if they have a third child.

"Stop at Two" was the old motto but "Have Three" is the new one in this 22-year-old experiment in social control. The velvet-glove authoritarianism of rich little Singapore will probably succeed in its new goal — building "the talent pool" — as it has succeeded in other, limiting everything from procreation to jaywalking.

Lee Kuan Yew, the Calvinistic leader of the 2.6 million people assigned places (and apartments) on this 10-by-20-mile (16-by-32-kilometer) island, has turned Singapore into an Orwellian paradise. Most of the place has the gleaming and ordered look of the world's largest hotel lobby. The average income of Mr. Lee's ordinary citizens is about \$15,000 a year, in a part of the world where many people earn less than \$1,000.

The rule and the rules are very strict. A \$70 fine for spitting in public put a stop to what the Chinese and Indians here had considered almost an ancestral rite. The cultural assault of the moment is on street hawkers of Oriental delicacies: they are being forced to use paper plates and plastic forks. Chopsticks and rice bowls are unsanitary, according to the government. Not in the "Singapore image."

The control of human behavior is down to fine-tuning now. The recently announced "New Population Policy" is an example. Singapore, which is growing by only 30,000 people or so a year, is not so much looking for more people but for more of certain kinds of people: "talent pool" people — the babies of educated parents, babies with good genes. And that means Chinese babies.

Like Mr. Lee, most Singaporeans can trace their families back to China. The exact figure is given as 76.17 percent. That number is important because the Chinese figure in 1982 was 76.88 percent. In those five years, the proportion of Malay Singaporeans has increased from 14.69 to 15.03 percent, and the proportion of Indian Singaporeans has increased from 6.41 to 6.47 percent.

The new population policy is quite frankly designed to maintain the overwhelming Chinese majority that the country has had since separation from Malaysia in 1965 — and the political control those numbers ensure in this "guided democracy." The Chinese, the most educated and affluent of Singaporeans, are just not having enough children.

The \$10,000 third-child bonus —

an income tax rebate — is only the baseline incentive for yuppies. Working mothers get an additional 15 percent off the taxes on their income.

"Graduate women" — the local phrase for professional women — really means Chinese women. Malay mothers, who are Moslems, do not go to offices; they were having third and fourth children even when the government was engineering tax laws, public housing regulations, school admission procedures and anything else it could think of to discourage such procreation. Health insurance, for instance, could be used to pay for only two pregnancies and deliveries.

But that is all being changed now. A sample Singaporean yuppie couple (each earning \$36,000) would have

their income taxes cut by 75 percent over five years, from about \$21,000 over that period to less than \$6,000 — if they have a third child. To make the point clearer, the country's Social Development Unit announced that its Computer Dating Service would institute procedures to bring together unmarried Singaporeans who had excelled academically in a national school system that begins tracking all students at the age of 9.

All Singapore's policies are designed to produce a "meritocracy," an elite that somehow seems to end up being almost all Chinese. In some cases it is totally Chinese. Mr. Lee's trade minister and possible successor (and son), Brigadier General Lee Hsien Loong, explained the other day

that the reason all of Singapore's military pilots are Chinese was that a Moslem Malay pilot's "emotions for the nation may be in conflict with his emotions for his religion."

As the son also rises, Lee Kuan Yew continues his attacks on countries, like the United States, which believe that "society's duty is to allow... individual fulfillment." The P.M., as he is called here, is committed only to his own individualism (the laws of Singapore reflect his personal views on pornography and smoking) and to his sanitary little country's controlled prosperity and behavior. His individual achievement is tremendous, turning a colonial backwater into a kind of Asian Switzerland. It is as if they gave Walt Disney a country.

Universal Press Syndicate

First the Japanese, Now the Asian NICs

By Hobart Rowen

WASHINGTON — Four Asian "newly industrializing countries" — Hong Kong, South Korea, Singapore and Taiwan — had a combined trade surplus of about \$30 billion with America in 1986. U.S. imports from these four NICs reached almost \$30 billion (mostly manufactured goods), a total roughly equal to everything America bought from West Germany, France and Britain.

The Asians' success did not happen overnight. They have had some of the fastest growth rates for the past 25 years. Now, given the swollen American trade deficit, the recent export boom enjoyed by the NICs — especially Taiwan and South Korea — have put them on the defensive.

"Because the United States tolerated the Japanese trade surpluses for so long, Taiwan and Korea will have to suffer," said one trade expert. While it is true that the NICs' enterprise stands as a model to debilitated Third World states elsewhere, it is also true, as an excellent Morgan Guaranty analysis points out, that their success has "relied heavily on easy entry to a rapidly growing U.S. market."

In Congress one already hears mutterings about Taiwan that rival the bitter things said about Japan: Tiny Taiwan has built up cash reserves of \$50 billion (as big as Japan's), and a 1986 trade surplus with America of \$15.7 billion. That is slightly more than the surplus enjoyed by West Germany.

Collectively the NICs are being pushed to let their currencies rise against the dollar so as to stimulate domestic demand. In a new study, economists John Williamson and

Bela Balassa call for a 20-to-30-percent boost in the Taiwan dollar and a 15-to-20 percent increase for South Korea, Hong Kong and Singapore. They and other trade experts call on Taiwan and South Korea to abandon unfair trade practices and reduce tariffs. (The Hong Kong and Singapore economies are fairly open.)

The South Koreans, newly successful at exporting cars in large numbers to North America, are accused of building this business on the backs of a poorly paid bachelor labor force confined to substandard, barracks-like accommodations. Meanwhile, Japan bans the entry of Korean cars, and South Korea has effective barriers against American cars.

The rich world's discomfort with the Asian NICs' success is part envy and part substantive. Both Taiwan and South Korea, according to the Morgan Guaranty study, have industries "that rely on low-skilled cheap labor." These should be phased out, if for no other reason than to open opportunities for the poorer countries of Asia and elsewhere.

Japan has also joined in the chorus of complaints about the NICs. The rapid rise of the yen, while the Taiwan dollar and South Korea won have been tied to the U.S. dollar, gives the NICs a big trade advantage.

The Asian NICs contend that they are merely taking a lead out of Japan's book: working hard, sizing up opportunities and offering products that compete successfully. Each has a special defense of its huge surpluses. The Hong Kong folks say they need a

cushion against what may happen when Beijing takes over after 1997. South Korea wants a trade surplus to pay down its \$45 billion debt.

"We feel the criticism of us is unfair," said Albert Ching-Hsin Lin, a Taiwan government spokesman. "We don't want to be singled out. We are one of the most cooperative countries" in trying to meet U.S. complaints.

Taiwan and South Korea have responded in different ways to American pressures — by token appreciation of their currencies, and abandoning some tariff and other trade restrictions. However, Morgan Guaranty points out: "These policy measures, though welcome, may limit the growth of... Taiwan and Korean [surpluses], but will not reduce their overall level."

For that to happen, the NICs would have to change course in the same dramatic way as critics chart for Japan — not only through a major appreciation of currencies and a shift in emphasis from exports to domestic expansion but also by a determination to achieve a much higher standard of living by spending more, rather than saving for the future through excessive surpluses.

In effect, what critics like Morgan Guaranty are calling for is a far-reaching "industrial evolution in Taiwan and Korea" that "would open major opportunities for the poorer countries of Asia and elsewhere."

That does not appear to be in the cards for the near future. It would take major changes not only by the NICs but also by Japan, which has systematically resisted taking a proportionate share of South Korean and Taiwan imports. It would also require changes by America and Europe, which protect their textile industries by agreements with the NICs that exclude poorer Asian nations.

Thus, simplistic talk about altering trade imbalances masks much deeper problems. And when all is said and done, no measure of improvement of trade with the NICs, however justified on its own merit, will deal with the larger problem of the global American deficit. The solution for that must be "Made in the U.S.A."

The Washington Post

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The Zero Option Is Worth Pursuing

By Richard Burt

The writer is U.S. ambassador to West Germany.

BONN — Mikhail Gorbachev's willingness finally to agree to the concept of eliminating intermediate-range missiles in Europe — the so-called zero option — has triggered a debate over whether such an agreement would serve Western interests. It would.

As the Reagan administration and allied governments concluded more than five years ago, an agreement to dismantle all the SS-20s targeted against Europe, as well as the U.S. Pershing-2 and cruise missiles recently deployed there, would on balance strengthen the Atlantic alliance militarily and politically.

Militarily, the advantages to the West are apparent. Moscow now deploys 270 SS-20 missiles within range of Europe, each equipped with three warheads, giving it the ability to strike 810 targets in Europe. America is only now deploying a force that, at its maximum, would number only 572 warheads. Thus an agreement would lead to a result in which the Soviet Union would dismantle a far larger number of missiles than we would.

The argument that the zero option is somehow not a good deal seems almost bizarre. In 1981, when President Reagan first unveiled it, the chief criticism (with which I had some sympathy) was that the proposal so clearly favored the West that it would never be accepted by Moscow and thus could only be considered a public relations ploy.

Of course, any arms control agreement must be judged by criteria going beyond its basic military impact. Some European and American observers have argued that removal of the American missiles

would "decouple" the defense of Europe from the American strategic deterrent. That is, Europe would no longer benefit from the American nuclear umbrella.

This is an important argument, but it is wrong on three counts.

• Embracing the zero option should not be interpreted as loosening the American commitment to Europe. That commitment is and will continue to be an important element of Western strategy. We would continue to deploy substantial numbers of nuclear weapons in Europe — and the United States would, of course, continue to possess a large intercontinental-range strategic arsenal.

• "Coupling" is created not only by the presence of American nuclear forces in Europe but also by the large presence of U.S. combat troops. That presence would remain.

• "Coupling" is as much a psychological as a military phenomenon. An arms control agreement with Moscow covering intermediate-range missiles would generate strong public support in Europe and strengthen U.S.-European relations over the long term. European publics would be more confident about America's capacity to manage the relationship with Moscow in a constructive fashion, and this would enhance our ability to manage other trans-Atlantic problems. To be sure, the zero option will not solve all the security problems of Western Europe. No arms control

agreement in itself could do that. Eliminating intermediate-range missiles would still leave Western Europe vulnerable to shorter-range Soviet missiles and to large conventional and chemical forces. To deal with these problems, the Western alliance will need to take steps to improve the military balance in Europe, both through force improvements and through arms control.

Perhaps the strongest argument for the zero option is a political one. When the alliance first made the decision in 1979 to respond to Soviet SS-20 deployments and at the same time to seek an arms control agreement, this decision was strongly criticized by the European left and by peace groups as a cynical ploy merely to build up arms.

Some of the strongest supporters of the alliance, including Chancellor Helmut Kohl of West Germany and Britain's Prime Minister Margaret Thatcher, were subjected to intense pressure to forgo deployment. When the American missiles started arriving in 1983, these same critics pressed their governments to withdraw them unilaterally.

These critics have now been proved wrong. The zero option would not only vindicate the rationale for the 1979 decision on missile deployment but would strengthen the political hand of those in Western Europe who stood firmly by this decision at a critical time for the alliance. In short, one of the most positive long-term effects of an arms agreement could be to demonstrate to public opinion in Europe and America that unilateral disarmament does not work.

The Wall Street Journal

Let Reagan Settle Into The Regency

By James Reston

WASHINGTON — With the best of intentions, the president's friends are urging him to demonstrate that he is back in charge of the administration, directing events, pushing his agenda with Congress, ready for televised news conferences and preparing for another summit meeting with Mikhail Gorbachev.

One wonders whether this is a good idea. In the first place, it is not true, and encourages the illusions that got him into trouble in the first place. Considering what he has been through in the last few months — the scandals, the investigations, the indictments of his stewardship, another operation and the loss of Congress after a punishing campaign — it is remarkable that a man of his age has held up as well as he has.

Mr. Reagan has demonstrated good judgment in rebuilding his White House staff and choosing experienced men to run the National Security Council and the CIA. He has met the leaders of Congress in private, and delivered his television speech with his accustomed grace.

So there is reason to hope that he can preside over the new regency headed by his chief of staff, Howard Baker, and make the decisions worked out by his cabinet. But he does not need the added stress of pretending that he is now what he never was: a "take-charge" executive.

The presidential press conference is a good example of unnecessary stress. He has been goaded into it by reporters and it has been accepted reluctantly by the president and his staff. But it takes a couple of days at least to prepare for these televised events, and while he learns something in the process, they prove nothing except that he is a good performer on stage, which everybody knew in the first place.

But an attempt is being made to indicate that the personal and political crisis is over and that things will now go on as before, which is a troubling thought. Howard Baker is partly to blame for this.

On his first day in the White House, he asked reporters: "Is the president fully in control of his presidency? Is he alert? Is he fully engaged? Is he in contact with the people?" You know, it has been a year now since I dealt regularly with Ronald Reagan, but I've never seen him better than he has been today.

Nobody does Mr. Reagan a favor by encouraging him and Congress and the people to believe that he is on top of all these intricate problems. Maybe there isn't a man alive who could do it. But Mr. Reagan can read and listen, watch and judge the issues. He has done that for a long time.

What is being put in place here for the last two years of the Reagan administration is a form of collective executive leadership, and it is much better than what we had before. It is not trying to balance the budget with constitutional amendments or tame the Russians with nuclear shields in the sky. It is going one common sense step at a time, trying to build non-partisan compromises that will ease the tensions at home and abroad, concentrating on the possible instead of dreaming of the impossible.

In short, this less dramatic procedure is more in keeping with the problems of the last two years and it is within the president's physical and mental capacity. It is moderate, more accountable, more reliable, more in touch with Congress, less stressful and less ideological.

It is odd that some of the noisiest ideological Reaganites, like Pat Buchanan and Richard Perle, decided to leave just when Mr. Reagan was in deepest trouble. But the republic will probably survive their departures. Nothing has caused more confusion in Washington in the last six years than the notion that there is an ideological answer to all problems.

If there is to be another summit meeting on nuclear weapons, for example, it will not be approached this time in the careless and mindless way that preceded Reykjavik, when Congress and the media were left in the dark, the cabinet was divided and the secretary of defense was left at home. Summit meetings are not for negotiation but for ceremonial ratification of verifiable agreements reached in advance with the knowledge that they will be confirmed by the U.S. Senate.

What is needed now is not a hands-on president but more helping hands — in the White House, in the cabinet, in Congress and in the press.

Washington has gone through a difficult period, living a life of pretense, but has got through it in fairly good order. If the president receives the help he needs in the next two years, he may even get that happy ending he has always wanted.

The New York Times

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Blue Ridge Siege

NEW YORK — Among the crags of the Blue Ridge Mountains of Virginia a sheriff's posse is drawing its lines closer round the Allen clansmen who last week illustrated their contempt for the law by slaying in Hillsville Court the judge, the public prosecutor, the sheriff and two jurors. For nearly a generation this band has held sway over one of the arms of the Blue Ridge. Its main pursuit has been distilling illicit whiskey. On the day of the assassinations in Court, Floyd Allen was wounded, and he and his son Victor and an associate outlaw are now in the Roanoke jail on indictments for murder. Similar indictments have been returned against Floyd's brother, Sidna, his son Claude and their nephews, who, with perhaps a score of desperadoes, are now challenging the authorities to "capture us if you can."

1937: Disaster in Texas

DALLAS — From 200 to 500 children were believed killed and hundreds of others injured when one end of the New London schoolhouse, between Tyler and Overton, in the heart of the oil fields, was wrecked by a terrific blast [on March 18]. Reports indicate that an even greater death toll is possible, since the enrollment of the school is 1,300. Whether the blast was caused by an accumulation of gas in nearby wells and ignited by an overhead boiler or whether there was some other cause was not immediately known. The entire countryside swarmed into New London to do whatever possible to aid the children. Roads were congested and parents fought hysterically to get near the scene. Only 10 minutes before school was to have been dismissed, there was a terrific roar. Walls of the building swelled and burst like paper bags.

OPINION

A Needed Victory in Court
For the Right to Criticize

By Anthony Lewis

BOSTON — The right to criticize "public characters and measures," James Madison said, is at the heart of American freedom. In recent years libel actions by public officials and public figures against press critics have seemed to menace that central right. Justices renege verdicts, and some people doubt that reviewing courts would go on holding the constitutional line.

Now all concerned about repressive libel suits can breathe easier. The U.S. Court of Appeals for the District of Columbia has overturned what was probably the most menacing contemporary libel judgment. The ruling should do much to restore the atmosphere of freedom.

William Tavoulareas, then president of the Mobil Corporation, sued The Washington Post for a 1979 story that said he had "set up" his son in a shipping company that did business with Mobil. A jury awarded him \$2 million in damages, but the judge set the verdict aside as unjustified by the evidence. In 1985, Mr. Tavoulareas won an appeal; a panel of the Court of Appeals, dividing 2 to 1, reinstated the jury verdict. The press was alarmed, especially at the reasoning of the majority opinion by Judge George MacKinnon, joined by Antonin Scalia.

Because Mr. Tavoulareas was a public figure, he had to show that The Post had recklessly published a falsehood about him. Mr. MacKinnon's opinion said the jury was justified in finding recklessness — not so much in the article itself as in The Washington Post's general attitude.

The paper wanted "high-impact investigative stories of wrongdoing," the judge said; there was pressure "for sensationalistic stories." He relied on the fact that, among themselves, reporters had made concerted statements about what they were going to do to Mr. Tavoulareas.

The panel opinion seemed to suggest that any newspaper doing investigative reporting had to be viewed as suspect. That dangerous doctrine was swept away when the full Court of Appeals last week set aside the panel decision by a vote of 7 to 1. Mr. MacKinnon dissented.

Mr. Scalia, who since has moved up to the Supreme Court, did not take part. "The First Amendment," the court said, "forbids penalizing the press for encouraging its reporters to expose wrongdoing by public corporations and public figures." That investigative reporters took an adversarial stance toward their subjects, it added, was "fully consistent" with professional standards — in journalism as in the adversary system of justice in the United States.

Looking only at undisputed facts, the court found "uncontradicted evidence of nepotism." It said the charge of Mr. Tavoulareas setting up his son was "sub-

stantially true." And it found "overwhelming" evidence that The Post had published the story in good faith.

The full court's opinion was by Judges Kenneth Starr and J. Skelly Wright. There was no ideological division; the emphasis was on the realities of this case. The decision will have wider reverberations because Mr. Tavoulareas has become a campaigner for tougher libel restraints in the press. Mobil took the extraordinary step of offering libel insurance to its employees — insurance to cover their costs as plaintiffs if they wanted to sue anyone for libel. Then Mobil's vice president for public affairs, Herbert Schmetz, campaigned to have the press penalized for libeling government. That is a form of libel law that has never existed in the United States and that has been held unconstitutional.

The Court of Appeals did not belittle the important value of reputation. It reminded us of the balance of interests involved: the constitutional balance. Those who hold power in American society have ways to maintain their position. They must not be able to suppress honestly made criticism.

Suppression is still a danger. The Washington Post has spent more than \$1 million on outside counsel in the Tavoulareas case. Its own lawyers and editors have spent endless hours on it. How many smaller press institutions would bear that burden? Until ways are found to dispose of such cases more promptly, the threat of self-censorship will remain.

The New York Times.



LETTERS TO THE EDITOR

For Spin-Off Without Spin

Regarding "SDI Spin-Off Might Improve Life Worldwide" (Feb. 19):

Geoffrey Patte, Britain's minister of trade and industry, ignores the main controversies surrounding SDI research, such as its vast potential for developing offensive weapons — as Robert English shows in his accompanying column. ("Space Weapons Entirely Defensive? Don't Bet on It"). Mr. Patte tries to convince us that this research will "improve the everyday life of our global village." He wants to entice support for a dangerous escalation of the arms race with all the wonderful technical spin-off that he expects from the SDI.

As president, he cites television, seeming to imply that it would not have been developed without research undertaken during World War II. In other words, to obtain important technological advances we must transform a great new frontier into yet another battlefield. Fortunately, military research is not our only means of developing sophisticated technology. Given the market val-

ue of inventions and discoveries upon which "the future of industrialized society may depend," such technologies would be developed without the SDI, although perhaps a bit more slowly than the impatient Mr. Patte would like.

I believe most of the world will not mind waiting. Would any of us not have forgone World War II even if it meant waiting an extra few years for television?

PAUL DEVLIN, Hong Kong.

The Languages of Help

Regarding "Cultural Differences Sway Choice of a Therapist" (Living Abroad, March 5) by Sherry Buchanan:

As an American therapist in Rome, with experience in treating clients of different nationalities, I believe a therapist-client "fit" is determined by many factors. For example, an Asian client recently told me that she benefited from my being an American woman who might support her in becoming more independent from her Asian husband. In this case, the client chose a therapist

who would share similar values, an important aspect of successful therapy.

For long-term therapy, I refer Italians to Italian therapists. Although I have lived in Italy for 14 years and speak Italian fluently, there are subtleties and nuances which block understanding. Knowledge of Italian culture is not enough to work with an Italian client.

Also, in treating addiction, one treats the family of the addict as well, and for an Anglo-Saxon to undertake therapy of an Italian family is, in my experience, almost impossible, unless with an Italian co-therapist. The treatment of addicts in Italy is a far cry from the complete abstinence-from-any-drug goal in the United States. Patients diagnosed as alcoholics in private clinics in Italy are often served wine with their meals!

All the same, in a crisis situation an empathetic therapist with a basic understanding of the client's language can be a lifesaver. Helping a client feel less alone and frightened is to go beyond spoken words and cultural differences.

PHEBE A. PORTIERI, Rome.

A Colonial Epilogue With No End in Sight

By Tom Condon

HARTFORD, Connecticut — My grandfather, Tom Condon, liked some politicians until they got elected, and then he invariably turned on them. He had trouble accepting authority. So do most of his progeny.

Back when it was possible, my great-uncle Tom claimed to be the only New York Giant fan in Brooklyn. Anything for an argument. "Ah, Tommy," my great-uncle Dan used to say, "there's nobody like the Irish."

I knew what the Irish, at least Irish-Americans, were like. To some degree or another, we are Catholic; have large and tight families; respect education; love a song, story or argument; have a sense of humor; are given to stoicism and depression; drink too much; respect position but mistrust authority. What I did not understand was why we are this way.

Last summer I got an inkling. I went to Northern Ireland with a group of Americans from Noraid, the Irish Northern Aid Committee. The organization provides money for the families of Irish Republican Army political prisoners, and most Noraid members support the IRA's interminable guerrilla war in Northern Ireland. Since this position is not universally popular, tours are held so that Americans can meet Catholic families and see what drives them to oppose British rule. It seemed like a good way to see the country.

In Belfast, where the trip began, I stayed with a young couple named Tom and Connie Maguire. He was a "joiner," or carpenter, but had been out of work for almost a year. When squads of British soldiers stalked by the house, as they did every half-hour or so, the couple's daughter, Charlene, would pretend to make a gun with her hand and shoot them. The child was 18 months old. When armored cars went by, older children from the neighborhood went out and threw stones and bricks at them.

As I watched in Belfast, it became fairly clear where the Irish dislike of authority came from. England occupied all of Ireland for 700 years, seven centuries of oppression and intermittent rebellion. For hundreds of years, Irish parents, north and south, taught their children to shoot the British, with play guns or real guns. Charlene could have been my great-grandmother in Cork.

In the 1920s, after the Easter Rebellion of 1916 and several years of civil war, the 26 counties of the south won freedom from England, but the six counties in the northeast were partitioned and kept under British rule.

Most of the Irish in America have pre-1920s roots in Ireland. We share the Irish psyche, part of which is pointing the finger-gun at the British, the authorities. The legacy is still there.

And still? I was astonished at how many most people in Northern Ireland are to the violence around them. Bombings, shootings or riots took place somewhere in the country every night I was there. Yet when a teen-age neighbor of the Maguires dropped by, she said, "It must be awfully scary, living in Amer-

ica." Why so? "The violence," she said. We left Belfast and headed south. In each town local people put on a late-night social. Here again, a revelation of sorts. The Catholics in Northern Ireland sing ballads, learn the ancient Irish language and dance the celtic dances as a means of cultural resistance.

This ancient practice also lives on in Irish-Americans. For centuries, the Irish could not go to school or even, in the 18th century, practice Catholicism in Ireland. Oral communication was all they had, and so the ballad and story, the oral tradition, became essential.

Americans have influenced events in Ireland. Civil rights marches of the 1960s inspired Catholics in the North to take to the streets in 1969 and demonstrate for decent jobs and housing.

More than 2,600 people have died in "the troubles" since 1969, and Catholics, a third of the province's 1.5 million people, still have an unemployment rate twice that of Protestants.

In Londonderry — called Derry by Catholics — I did not find a single Catholic with a job. Tens of thousands leave Ireland each year to find jobs, as they have since the 19th century and before. "I stopped looking," said Jim Robinson, a 28-year-old who had been laid off twice. "It wears you down," he told me over a pint of Guinness stout, the national anesthetic.

For generations, Irish without jobs or

power have looked for solace in alcohol. Too many of us still have the habit, without the rationale.

The English have always had a low opinion of the Irish, viewing them as lazy and unreliable people with too many children. "People say the Irish are lazy and slow, but that has been said of all colonial people," said Tom Hartley, the 40-year-old general secretary of Sinn Féin, which seeks removal of the British and reunification. "All colonial people have is our past, and our children — to believe we were something once, and will be again," he said.

Given a chance in the United States, Irish people showed that they were not lazy and unreliable. But Mr. Hartley's thoughts stayed with me.

Colonial people harbor a smoldering resentment, and a residue of this resentment can survive for generations. With Irish-Americans it manifests itself in a suspicion and distrust of the powerful, but also in a sense of fairness and a willingness to help the less fortunate. Most Irish-American families are not much different from those I met in Belfast: we just live in a freer country.

It is depressing to think about the Catholics, and Protestants, in Northern Ireland, because the pain will continue until something drastic is done to stop it.

It is also unpleasant to think of others who have worn the yoke. If the legacy of slavery still lives two and three generations into Irish-America, how many generations will it take for blacks and other minorities to chase the ghosts away?

The writer is a columnist for the Hartford Courant, from which this is adapted.

America Is Bankrolling the Feud

WE have seen it before and we are apt to see it again. The Provisional Irish Republican Army explodes a bomb in a mall or on a crowded street. Within an hour, television viewers see shrouded corpses, ambulances speeding away with the luckier victims, and interviews with uncomprehending survivors.

When other terrorists around the world cause the same sort of carnage, American politicians and media are quick to assail those who back them with money and propaganda. Not so with the IRA. This is strange. It would be so easy. One of the IRA's major sources of support is not in some exotic hideaway, after all, but in the Bronx.

It is called the Irish Northern Aid Committee. Noraid was convicted of violating the Foreign Agents Registration Act in 1981, and the U.S. Justice Department concluded that "since its inception Noraid has acted as the agent in this country of the IRA, its political arm, the Sinn Féin, and their affiliates."

Who does Noraid aid? Fund-raising letters sent out in 1971 and 1972 spell it out. "Our support goes exclusively to the Provisional IRA and those who are working with them." Where does the money

go? "Our funds are channelled through Joe Cahill of Belfast to be used for the advancement of the campaign in Northern Ireland." What is the relationship between the IRA and Noraid? "We are fighting a guerrilla war and will continue to do so. We, the members of the Provisional Irish Republican Army, will fight and die until victory is ours. Remember, the Irish Northern Aid Committee is the only organization in America that supports the Provisional IRA."

While Americans condemn Middle Eastern states that fund Palestinian terrorists, and urge the Europeans to abandon lucrative economic links with Libya and Syria, the world mocks American hypocrisy and inconsistency over the question of support for the IRA.

Noraid claims that donations support widows and orphans, and the families of "political prisoners." In fact, the IRA and Noraid use American support to conduct a primitive tribal feud.

Reluctance to confront or even acknowledge the overwhelming evidence that donations to Noraid bankroll the IRA is a moral tragedy.

— T.K. Jones, a free-lance journalist in Oregon, writing in The Washington Post.

To inaugurate its centennial year, the International Herald Tribune is proud to announce

THE PARIS LIBERTY FLAME APPEAL



Last year's rededication of the Statue of Liberty in the New York harbor has focused new attention on the fact that the Statue was a gift to the United States from the people of France and that a broad cross section of the French public participated in the giving. Over 100,000 individual subscriptions were recorded from 181 towns throughout France, a collective outpouring of affection and goodwill from one people to another which was truly unprecedented.

It therefore seemed natural to Americans then living in Europe to express their gratitude, and, in 1985, a group of them gave as a gift to the French people the reduced size replica of the Statue of Liberty which today stands in Paris on the Ile aux Cygnes.

A century later, it seems appropriate that members and friends of the Franco-American community should make a similar gesture of gratitude and goodwill through an exciting project: the creation of a new Paris Flame of Liberty, a striking public monument to be erected on a prominent site in Paris and consisting of a full-sized duplicate of the flame which now glimmers atop the upraised arm of the New York Statue.

The International Herald Tribune, which entered its own one hundredth year in October of 1986, has decided to mark the conjunction of its centennial with that of the Statue of Liberty by sponsoring an international fundraising appeal to make this project possible.

In 1985, when restoration of the Statue of Liberty was started in New York, Les Métalliers Champenois, a group of outstanding French artists, was asked to create a new flame for the Statue, using a technique called "repoussé," identical to Bartholdi's original method. Today, Les Métalliers Champenois

have begun work on a second such flame, a full-sized replica of the first — with the approval of the United States government and using the same molds that were created for the New York project. The duplicate flame will then be transported to France, where French officials have assured it a warm welcome at a prominent permanent site on or near the Place de l'Alma in central Paris. There it will stand as a beautiful and highly visible monument, celebrating the spirit of Liberty and the spirit of international cooperation.

It is estimated that this project will cost U.S. \$400,000 — and this is the amount we are undertaking to raise. Working together with our co-sponsors, Kevin MacCarthy Associates, an international law firm located in New York City, the IHT has established a non-profit corporation, France-America Liberty Fund, Inc., as well as a French "association," France-America Liberty Fund, to which tax deductible contributions can be made in both countries. We are pleased that the American Club of Paris has announced their full support and participation in this project.

Founded in Paris on October 4, 1887, the International Herald Tribune is the oldest American newspaper published abroad. The IHT is still headquartered in Paris, though it now has printing sites in eight cities in Europe, Asia and the Americas, and is read each day by nearly half a million people in 164 countries.

Ever mindful of our own deep Paris roots and of the warm relations we have enjoyed throughout the century with the people of France, we are proud to take the lead in this undertaking.

The France-America Liberty Fund welcomes contributions of any size and will acknowledge all gifts (unless otherwise instructed by the donors) by listing the names of the contributors in the International Herald Tribune. Contributors of \$150 (1,000 FF) or more, will not only be listed in the IHT but will also receive a desk-top replica of the Liberty Flame.

Individual contributors of \$1,500 (10,000 FF) or more will have their names engraved on the permanent plaque which will be affixed to the Liberty Flame Monument. Corporate contributions of \$5,000 (33,000 FF) and more will also qualify for such listing.

But whatever the size of your contribution, the importance of this symbol will be enhanced by the broadest possible participation. We hope you will become a part of this important project by forwarding the form below.

To: Assn. France-America Liberty Fund, c/o International Herald Tribune 181, Ave. Charles-de-Gaulle, 92521 Neuilly Cedex.
Or: France-America Liberty Fund, Inc. c/o International Herald Tribune 850 Third Avenue, New York, N.Y. 10022.

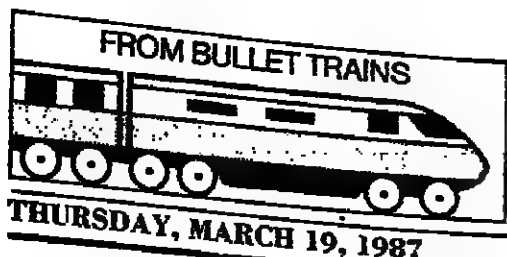
I enclose my check to the order of France-America Liberty Fund, Inc.
☐ I have no objection to my name being published by the IHT in acknowledgement.
☐ I prefer to remain anonymous.

KLM's home base, Amsterdam Airport Schiphol, has started a ten-year expansion plan. The aim? To maintain its reputation as the world's favourite airport.

The first stage: a completely new pier. Connecting directly with the rest of the airport building. Making the single terminal concept more spacious. More comfortable.

Keeping everything - including the world's largest bargainfilled tax-free shopping centre - under one roof. Thanks to this, Schiphol remains the logical and easiest - place to transfer. And KLM the logical way to get there.

The Reliable Airline **KLM**
Royal Dutch/Shell



WALL STREET WATCH

As Conrail Sale Price Rises,
So Do Big Investors' Doubts

By VARTAN G. VARTAN

NEW YORK — The price tag has been raised on what shapes up as the largest new share issue ever in the United States: the public sale of the government's 85 percent stake in the Consolidated Rail Corp. However, some prospective institutional buyers may cause second thoughts about participating in the offering.

Apparently responding to strong interest by prospective buyers, underwriters increased the expected price range to between \$26 and \$29 a share Monday for the freight railway system. This would constitute a sale totaling \$1.52 billion to \$1.7 billion for the 62 million shares offered in the United States and 6.75 million shares overseas.

In the preliminary prospectus dated Feb. 13, the range was estimated at \$22 to \$26 a share — or a total price of \$1.29 billion to \$1.52 billion. The sale is expected to occur next week although the timetable has not been announced.

The biggest initial public offering so far was Duff & Phelps Selected Utilities. This closed-end investment fund, in which the shares are limited to those offered initially, raised \$1.3 billion in January.

Conrail operates the largest freight railroad system in the country's Northeast-Midwest quadrant, serving a heavily industrialized region. It was created by the government in 1976 from the bankrupt Penn Central Railroad and six other bankrupt or failing-rail carriers.

Analysts generally give Conrail's management good marks for revitalizing the formerly deficit-laden carrier. Conrail has poured billions of dollars into modernizing its tracks and its locomotive and freight car fleets. It has also cut costs by sharply reducing the number of its freight employees and shrinking its track system.

While the United States government is selling 85 percent of Conrail, the remaining 15 percent is held by the railroad's employees.

THE CONRAIL offering fits into a growing global pattern of denationalization, whereby government-owned enterprises are offered to the public. So far, notably in Britain and Japan, the process has worked wonders for government treasuries and, at the same time, expanded the stockholder population.

The Conrail "road show" — an elaborate process whereby management makes a presentation to money managers and other potential buyers at breakfast or lunch — is on tour in Middle Western cities. Excitement over the forthcoming issue has built up steadily, according to market participants, although some institutional investors are voicing doubts.

"We would have had some interest in the offering at a price in the mid-20s," said Oscar Morong, senior vice president and investment manager for the College Retirement Equities Fund. "Now we will have to re-examine the situation." The fund's equity holdings of \$26 billion constitute the single largest U.S. stock portfolio.

A railroad analyst for a bank said: "A price over \$26 a share for Conrail cools our interest. Conrail does not have very large growth prospects over the next few years, but a middle point of \$24 in the original \$22-to-\$26 range more than made up for that detriment."

"At \$24 a share the stock would be priced at between 7.5 and 8 times this year's estimated earnings of \$3 to \$3.15 a share," he added. "But now, with a middle point of \$27.50 a share, the stock would be priced at 8.9 times earnings. On a pro forma basis, Conrail earned \$3.01 a share last year."

James M. Voytko, railroad analyst for Prime Webber, has written extensive research reports on the offering. He estimates Conrail's earnings at \$3 a share this year and at \$3.35 for 1988.

"A price over \$26 a share for Conrail cools our interest," one analyst said.

Vaccine Proposed For AIDS

Myers Asks U.S. To Approve Tests

NEW YORK — Bristol-Myers Co. said Wednesday that it would seek permission from the U.S. Food and Drug Administration to test its AIDS vaccine in humans by the end of March. The application would mark the first request by a major U.S. company to test an AIDS vaccine.

A spokesman for the New York-based company said it would file an "investigational" application by the end of the month requesting the FDA to permit tests of the vaccine in humans. AIDS, or acquired immune deficiency syndrome, is caused by a virus that destroys the body's immune system.

Scientists at the company's genetic systems unit, which also markets a blood screening test for AIDS, have created a vaccine that Bristol-Myers said produces antibodies to the AIDS virus in mice and in monkeys.

Drug industry analysts cautioned that a number of safety issues would have to be resolved before the FDA will allow the testing.

Bristol-Myers' stock rose sharply on word of the company's plans in mid-session trading on the New York Stock Exchange. Its shares, which were among the 10 most active, were trading heavily at \$108.75, up \$6.375 from Tuesday's close.

The vaccine consists of a small-pox virus that has been altered to carry a key gene found in the AIDS virus. Bristol-Myers said that by "piggy-backing" two AIDS virus proteins with the smallpox virus, it created a hybrid virus that simultaneously immunizes against smallpox and the AIDS virus proteins.

The vaccine uses two proteins found on the surface of the AIDS virus. The AIDS virus contains a number of such proteins, however, and it is not yet known which would trigger immunity against the disease.

"The market has been overwhelmingly positive to anything relating to AIDS, whether it be possible treatments, condoms or blood tests for the virus," said Joe Riccardo, associate director of Bear, Stearns.

EC, Comecon Begin Talks On Opening Trade Relations

By Thomas Netter
International Herald Tribune
GENEVA — The European Community and the Soviet bloc Council for Mutual Economic Assistance, or Comecon, began formal talks here Wednesday on establishing trade relations, amid what diplomats guardedly described as a new sense of optimism over Soviet trade relations with Western Europe.

Representatives of the EC are to examine a draft proposal submitted by the 10-nation Comecon alliance for forging economic links with the EC for the first time since the European trade and industry organization was formed 30 years ago. Officials of the 12-member EC said the closed talks would last two or three days.

Western diplomats have expressed optimism that the two trading blocs could reach an accord at this or subsequent meetings, aided by moves toward economic reform announced by the Soviet leader, Mikhail S. Gorbachev, in the past year.

But they also cautioned that the EC's insistence that West Berlin is part of the EC and that trade relations should be conducted with individual Comecon members rather than the group itself would require extensive negotiations.

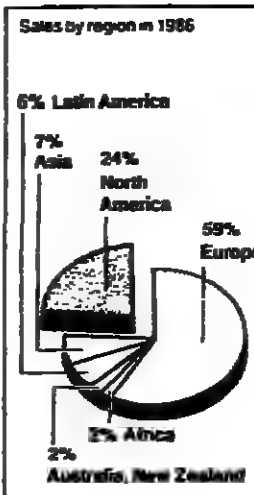
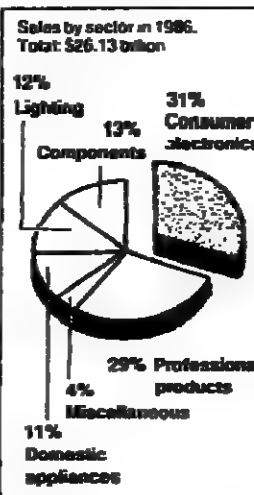
John Mason, head of the EC delegation, said he hoped for progress, and added that, "Basically, the positions are not that far apart." Reuters reported from Geneva, Zdzislaw Karowski, deputy head of Comecon and chief of its delegation, also expressed optimism, adding "but the outcome will depend on our partners."

The negotiations represent a resumption of talks broken off in 1981 amid deteriorating East-West relations after the Soviet Union's invasion of Afghanistan in December 1979.

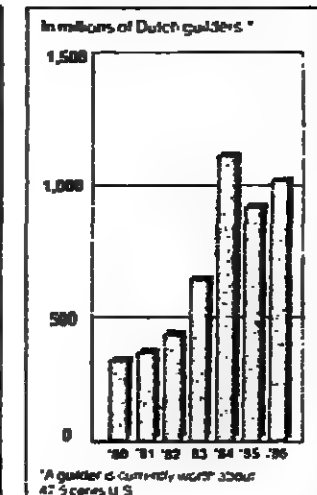
However, the talks are not expected to result in a dramatic increase in trade flows between the two sides, seen during the détente period of the 1970s, diplomats said.

New Strategy and Strength at N. V. Philips

Electronics Company Focuses on North America . . .



. . . And Earnings Improvements



Philips Wakes Up Leaner, Hungry

Dutch Giant Wants Big Bite of U.S. Electronics Market

By Peter Maass
New York Times Service

EINDHOVEN, the Netherlands — Until recently, people freely wandered in and out of the headquarters here of N.V. Philips, the largest electronics company in Europe. Nearly a century old, Philips had the comfortable feel and habits of a sleeping giant.

No longer. Now all Philips employees, including the new president and chairman of the managing board, Cornelius van der Klugt, wear identification badges. Aside from boosting security, the plastic badges symbolize the changing philosophy at Philips, the only non-Japanese company that remains competitive in consumer electronics.

"There has to be a discipline, a discipline of orderly behavior," said Mr. van der Klugt, who mixes pin-stripe sophistication with the impatient look of a boxer ready to leap out of his corner. Mr. van der Klugt, 62, was promoted in May when Wisse Dekker, his predecessor in both posts, became chairman of the supervisory board.

Philips under Mr. van der Klugt is a classic case of a company that is shaping up in an era of heightened competition. From



Cornelius van der Klugt

cutting down on first-class travel by managers to selling unprofitable units, Mr. van der Klugt is setting a new pace for Philips, which employs 350,000 people in 60 countries and has annual sales of 55 billion guilders (\$26.6 billion).

But there's a special twist at Philips to the usual story of corporate belt-tightening. The company, which is the global leader in lighting, wants to challenge the Japanese at their own game: selling consumer electronics. The battlefield is neither Japan nor Europe, but the United States.

As part of its strategy of focusing on the United States, Philips took direct control in December of its American units, North American Philips Co. and Signetics Corp. The companies had been legally owned by a trust set up during World War II that was controlled by Philips. The trust was ended Dec. 17, giving Philips' headquarters direct power.

"The American strength must be used more and more for the See PHILIPS, Page 15

Weak Spending Limits U.S. GNP Growth to 1.1%

The Associated Press

WASHINGTON — The U.S. economy slumped along at an annual 1.1 percent growth rate in the final three months of 1986, a figure even weaker than previously estimated, the government said Wednesday.

The Commerce Department said that a long-awaited improvement in the trade deficit in the October-December quarter was offset by weakness in consumer spending.

For all of 1986, the gross national product grew just 2.5 percent when adjusted for inflation as the U.S. economy finished its poorest year since the 1981-82 recession. GNP measures the total value of a nation's goods and services, including income from foreign investments.

The new GNP report was the second downward revision in the growth estimate for the fourth quarter. Two months ago, the government had estimated that GNP grew at an annual rate of 1.7 percent, a figure that was reduced last month to 1.3 percent.

The weaker economic growth in the fourth quarter was accompanied by a decline in the inflation rate that was the best showing in nearly two decades.

An inflation index tied to the GNP rose at an annual rate of just 0.7 percent in the fourth quarter, compared with a 3.6 percent increase in the third quarter.

The downward revision in economic activity resulted from data showing that business inventories declined \$4.1 billion more than was reported a month ago and that consumer spending was weaker than previously had been thought.

The government reported that personal consumption spending fell at an annual rate of 0.4 percent in the fourth quarter, compared with an estimate of 0.1 percent a month ago. The rare decline in consumer spending, which accounts for two-thirds of overall economic activity, is a particularly worrisome sign for growth this year.

Some economists contend that weakness in that area will negate much of the benefit from an expected improvement in the country's trade deficit this year. Many analysts therefore are forecasting

Corporate Profit Increased 6.1%

In 4th Quarter

Compiled by Our Staff From Dispatches

WASHINGTON — After-tax profits of U.S. corporations rose 6.1 percent in the fourth quarter of 1986, the best showing in three years, the Commerce Department said Wednesday.

Overall net profit in the fourth quarter increased \$8.3 billion to a seasonally adjusted annual rate of \$144.2 billion, the department said. The increase followed a 5.5 percent gain in the third quarter and was the sharpest rise since July through September of 1983, when profits after tax liabilities rose by 11.4 percent.

For all of 1986, after-tax profits rose 1.9 percent to \$133.9 billion. Corporate profit after taxes declined 6.3 percent in 1985.

that economic growth this year will actually be lower than in 1986.

John M. Albertine, chief economist for Farley Industries of Chicago, said that the fourth-quarter figures showed that the consumer "is too burdened with debt to be a major factor in boosting the economy in the short run."

The 1.1 percent growth rate in the fourth quarter was down sharply from a 2.8 percent increase in the July-September quarter and was the weakest showing since the economy grew at a barely noticeable 0.6 percent annual rate in the second quarter of 1986.

Many economists, viewing healthy employment gains, believe that economic growth is picking up in the current January-March quarter, fueled by efforts by businesses to restock depleted inventories. But they believe that consumer spending has remained weak and that this will translate into weaker growth in the April-June period.

The 2.5 percent gain in the GNP last year was the poorest showing since a 2.5 percent decline in the GNP in 1982.

Currency Rates

Currency	Rate	Change
American dollar	1.0000	
British pound	1.6000	+0.0000
French franc	6.5596	+0.0000
German mark	3.3757	+0.0000
Italian lira	2036.27	+0.0000
Japanese yen	163.89	+0.0000
Netherlands guilder	3.6033	+0.0000
Spanish peseta	166.64	+0.0000
Swiss franc	2.0048	+0.0000
West German mark	3.3757	+0.0000
Yugoslav dinar	24.6360	+0.0000

Source: Reuters. Rates in U.S. dollars. (A) American dollar; (B) British pound; (C) French franc; (D) German mark; (E) Italian lira; (F) Japanese yen; (G) Netherlands guilder; (H) Spanish peseta; (I) Swiss franc; (J) West German mark; (K) Yugoslav dinar.

Other Dollar Values

Currency	Rate	Change
Australian dollar	1.4800	+0.0000
Canadian dollar	0.7500	+0.0000
Hong Kong dollar	7.8000	+0.0000
Indian rupee	12.5000	+0.0000
Israeli sheqel	2.0000	+0.0000
Japanese yen	163.89	+0.0000
Norwegian kroner	4.7500	+0.0000
South African rand	2.0000	+0.0000
Swedish krona	4.6000	+0.0000
Swiss franc	2.0048	+0.0000
Thai baht	20.0000	+0.0000
West German mark	3.3757	+0.0000
Yugoslav dinar	24.6360	+0.0000

Source: Reuters. Rates in U.S. dollars. (A) Australian dollar; (B) Canadian dollar; (C) Hong Kong dollar; (D) Indian rupee; (E) Israeli sheqel; (F) Japanese yen; (G) Norwegian kroner; (H) South African rand; (I) Swedish krona; (J) Swiss franc; (K) Thai baht; (L) West German mark; (M) Yugoslav dinar.

Interest Rates

Instrument	Rate	Change
1-month T-bill	7.00%	+0.00%
3-month T-bill	7.00%	+0.00%
6-month T-bill	7.00%	+0.00%
1-year T-bill	7.00%	+0.00%
2-year T-bill	7.00%	+0.00%
3-year T-bill	7.00%	+0.00%
5-year T-bill	7.00%	+0.00%
10-year T-bill	7.00%	+0.00%
30-year T-bill	7.00%	+0.00%

Source: Reuters. Rates in U.S. dollars. (A) 1-month T-bill; (B) 3-month T-bill; (C) 6-month T-bill; (D) 1-year T-bill; (E) 2-year T-bill; (F) 3-year T-bill; (G) 5-year T-bill; (H) 10-year T-bill; (I) 30-year T-bill.

Other Interest Rates

Instrument	Rate	Change
1-month Eurodollar	7.00%	+0.00%
3-month Eurodollar	7.00%	+0.00%
6-month Eurodollar	7.00%	+0.00%
1-year Eurodollar	7.00%	+0.00%
2-year Eurodollar	7.00%	+0.00%
3-year Eurodollar	7.00%	+0.00%
5-year Eurodollar	7.00%	+0.00%
10-year Eurodollar	7.00%	+0.00%
30-year Eurodollar	7.00%	+0.00%

Source: Reuters. Rates in U.S. dollars. (A) 1-month Eurodollar; (B) 3-month Eurodollar; (C) 6-month Eurodollar; (D) 1-year Eurodollar; (E) 2-year Eurodollar; (F) 3-year Eurodollar; (G) 5-year Eurodollar; (H) 10-year Eurodollar; (I) 30-year Eurodollar.

Other Interest Rates

Instrument	Rate	Change
1-month London interbank	7.00%	+0.00%
3-month London interbank	7.00%	+0.00%
6-month London interbank	7.00%	+0.00%
1-year London interbank	7.00%	+0.00%
2-year London interbank	7.00%	+0.00%
3-year London interbank	7.00%	+0.00%
5-year London interbank	7.00%	+0.00%
10-year London interbank	7.00%	+0.00%
30-year London interbank	7.00%	+0.00%

Source: Reuters. Rates in U.S. dollars. (A) 1-month London interbank; (B) 3-month London interbank; (C) 6-month London interbank; (D) 1-year London interbank; (E) 2-year London interbank; (F) 3-year London interbank; (G) 5-year London interbank; (H) 10-year London interbank; (I) 30-year London interbank.

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Bank Brussels Lambert

Main Consolidated Data

(in billions)	BEF	USD(*)
Balance sheet total	924.2	1,520.1
Deposits: customers	400.4	673.9
Loans: private sector	431.3	666.5
public sector	369.5	521.7
banks	210.7	435.2
banks	348.8	489.5
Total capital resources	21.5	49.4

(in millions)	BEF	USD(*)
Operating profit	4,739.8	14,730.3
Depreciation, provisions and taxes	4,702.9	11,154.2
Net profit	1,111.6	2,692.7

(*) 1 USD = BEF 42.335

Continued progress in the 1985-86 financial year

The Bank's international expansion, its low risk profile, its continuing containment of costs, its leading position in the securities market and in electronic banking bode well for future increases in profitability. With a view to expanding its market share, the Bank adopted, as early as 1979, a market-segment approach focusing on retail, medium-sized companies, large corporations, institutional investors and banks.

Internationally, BBL has been concentrating expansion on a select number of major financial centres, with special emphasis on foreign trade finance, project finance and short-term lending. The Bank has also been increasing its commission income through financial services such as the portfolio management of mutual funds, pension funds and private investors' funds, with total assets managed in this way amounting to over USD 6 billion.

In the Eurobond market, BBL managed or co-managed 732 issues in 1986, ranking eighth worldwide and first in Belgium. For the management

and co-management of Ecu-denominated issues, it ranked first in the world in 1986 and it has also to its name the largest volume of Ecu issues floated since the creation of this market in 1981.

During the past financial year, BBL acquired a majority shareholding in a London stockbroking firm, Williams de Broë Hill Chaplin & Co., and a 50% shareholding in Mullens & Co., a member of the Sydney Stock Exchange. It has also taken over Springfield Capital Management, a London pension fund manager. These acquisitions will further reinforce the Bank's securities trading and underwriting capabilities.

Early 1987, the Bank acquired a 87.5% interest in the retail bank Crédit Européen, Luxembourg. It also signed a joint venture agreement with Istituto di Credito delle Casse di Risparmio Italiane (ICCRI) to expand the merchant bank activities of BBL's subsidiary Finanziaria Bruxelles Lambert, Milan, Italy.

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هكذا من النحل

BUSINESS ROUNDUP

Group Bids \$2.2 Billion for Gencorp

NEW YORK — A partnership affiliated with AFG Industries Inc., the glassmaker, and Wagner & Brown, an energy company, has launched a \$2.2 billion takeover offer for Gencorp Inc., a company.

In an advertisement announcement, General Partners offered \$100 a share in cash for the company's 22.3 million common shares outstanding.

Gencorp's stock soared nearly 19 percent after the announcement, to \$107.375, up \$16.875 at midday on the New York Stock Exchange. The company had a profit of \$130 million, or \$5.82 per share, on revenue of \$3.1 billion in the year ended Nov. 30.

AFG, based in Irvine, California, is the fourth-largest U.S. glassmaker. Wagner & Brown, in Odessa, Texas, is a closely held oil and gas company controlled by Cyril Wagner Jr. and Jack E. Brown.

The bid for Gencorp, with head-

IBM's New Standards Aim To Make Software Versatile

NEW YORK — International Business Machines Corp. has released a new set of standards that will eventually make it possible for newly developed software to run on every IBM machine from a personal computer to a mainframe.

The programming standards, known as Systems Application Architecture, are part of IBM's effort to link a range of software products and machines, so that its computers can not only communicate with each other but also run the same programs.

The new IBM standards, released Tuesday, provide the framework for the development of programs to be used in future IBM computers. The company is likely to introduce new personal computers in April.

IBM has been under pressure to produce a system of interconnectable products similar to that which has enabled Digital Equipment Corp. and others to steal some of its market share, said Linda O'Keefe, analyst at Dataquest, a California marketing research firm.

In introducing the standards, IBM is also trying to establish a set of guidelines for writing software, similar to the Systems Network Architecture it introduced more than a decade ago.

For users, the new architecture will provide a uniform set of interfaces and keyboard commands, and a standard format for organizing data on the screen. For example, IBM will publish standard procedures that will enable a user to log on to any machine from any terminal. In the past, users have had to use separate procedures to gain access to different types of machines from various terminals.

Wheeling Gives Lubensky Top Post

By Arthur Higbee
International Herald Tribune

Lloyd C. Lubensky has been named chairman of Wheeling-Pittsburgh Steel Corp., apparently the victor in a power struggle with George A. Ferris, whom he succeeded.

Mr. Ferris, 70, resigned not only as chairman Tuesday, but also as director, vice chairman and chief executive.

Wheeling already was involved in bankruptcy proceedings in January when Mr. Lubensky, a 64-year-old director, became the company's largest stockholder by buying a 34.2 percent stake for \$100,000 from Allen E. Paulson, who resigned as Wheeling's chairman in January.

The market value of the Paulson shares was estimated by analysts at \$13.5 million. Mr. Paulson, also chairman of Gulfstream Aerospace Corp., said he sold his stake for a low sum simply to offset gains from other investments. Others suggested that Mr. Paulson's aim was to install Mr. Lubensky, a longtime business associate, as chairman of the company.

But Mr. Ferris, who had been vice chairman and chief executive, was installed as chairman instead in late January. In February, Mr. Lubensky, Mr. Ferris and John P. Innes 2d, 52, an associate of Mr. Lubensky's and Mr. Paulson's, were named by the board of directors as a three-man executive committee to run the company.

Neither Mr. Lubensky, Mr. Fer-

Morgan Grenfell Has 19.5% Rise In Pretax Profit

LONDON — Morgan Grenfell Group PLC, the British merchant bank, said Wednesday that pretax profit rose 19.5 percent to £82.2 million (\$131.8 million at current rates) in 1986, from £68.8 million in 1985.

But the banking group said pretax earnings were £8 million lower than initial expectations because of a £2.5 million loss at its U.S. unit, Morgan Grenfell Inc., and because of a marked depreciation in the value of the 7 million shares in Guinness PLC that it owns.

After-tax profit rose 32.7 percent to £54.9 million, from £41.4 million in 1985.

The earnings rise reflected strong profit in the group's corporate finance division, which in the mergers and acquisitions business handled 111 transactions for 84 clients last year.

Morgan Grenfell's image was hurt, however, by the Guinness share price, which fell from £1.10 to £0.85 in the year. The bank advised Guinness during the beverage group's £2.7 billion takeover of Distillers Co. last year. Takeover tactics employed by Guinness are under investigation, begun Dec. 1, and Guinness's share price has fallen sharply.

Japan Shipbuilders, Seeking to Stay Afloat, Plan Cutbacks

TOKYO — Japan's shipbuilding industry, battered by recession and the strong yen, plans to revive itself in a few years through cuts in capacity and work force and greater use of computers, industry sources said in interviews Wednesday.

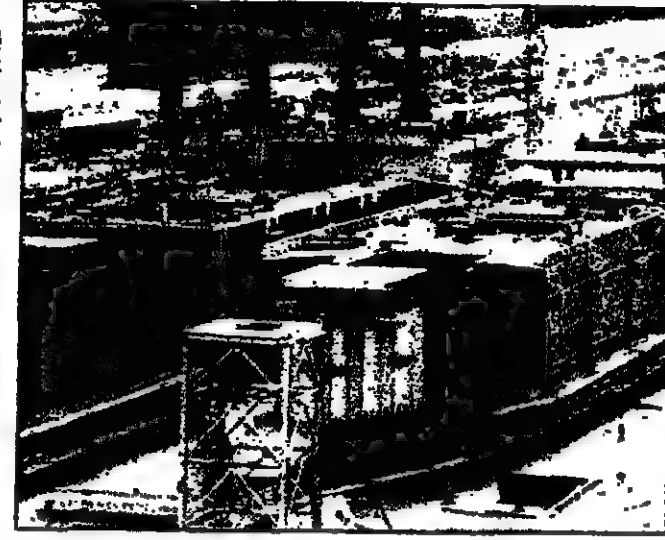
The salvage measures, which include a government-sponsored program of cutbacks, are aimed at taking back some of the market that Japan, the world leader, has lost to South Korea through currency and labor-cost disadvantages, they said.

The sources said South Korea's yards were about 35 percent more competitive than Japan's.

The government plans to help the industry shed 20 percent of capacity within two years through mergers and regrouping under legislation put before the Diet, or parliament, this month. It is likely to be approved by May or June, the sources said.

They said that beginning in September, a semi-governmental body will assure repayment of about 50 billion yen (\$329.4 million) in liabilities incurred through job losses and the sale of excess capacity, and another 30 billion yen for buying unneeded land and equipment.

Last Friday, the Shipbuilders Association of Japan applied to the government's Fair Trade Commission to form a cartel to slash ton-



The Hyundai shipyards in Ulsan, South Korea. Korea is Japan's leading competitor in the shipbuilding industry.

COMPANY NOTES

Bechtel Group Inc., the U.S. engineering and construction company, reported that it performed work last year valued at \$6.5 billion, a drop of 4.4 percent from the \$6.8 billion of the previous year.

Carter Hawley Hale Stores Inc. will report a loss of about \$24 million for the fourth quarter, ended Feb. 1, as a result of its restructuring, the company said. Profit was \$19 million a year earlier. For the year, the Los Angeles-based retailer expects to report profit of \$4 million, down from \$48 million. Revenues for the quarter are expected to be flat at \$1.3 billion, with full-year revenues up slightly to \$4.1 billion from just under \$4 billion.

Caterpillar Inc. said it would go ahead with the planned closing of its plant at Dallas, Oregon.

Chemie Linz AG, the Austrian state-owned diversified chemicals concern, is likely to report a 1986 loss of 600 million schillings (\$46.5 million) in July, compared with a 340 million schilling loss in 1985, a spokesman said. Falling sales and lower world prices of fertilizers were largely responsible, he said.

Dixons Group PLC said its tender offer for all of the common shares of Cyclops Corp. expired at midnight Tuesday and that it had accepted approximately 2.3 million shares at \$90.25 each. This represents just over 54 percent of the outstanding shares. Dixons now holds 56 percent of Cyclops's outstanding shares.

Cathay Pacific Says Net Up 59%

HONG KONG — Cathay Pacific Airways Ltd. reported Wednesday that net profit for 1986 rose 59.7 percent to 1.23 billion Hong Kong dollars (\$157.6 million).

But Cathay Pacific said it had experienced sharp increases in net finance charges to 124.9 million dollars from 44.4 million a year earlier. A spokesman for the airline linked the rise to two aircraft deliveries in 1986.

The company said good returns from invested funds had partly offset higher interest costs that arose from additional lease financing and other borrowing. The airline, 50.2 percent owned by Swiss Pacific Ltd., said aviation fuel prices fell last year and profit from cargo operations rose.

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In Corporate Forex, Nothing Ventured Is The Sought-For Gain

By Ferdinand Prottzman
International Herald Tribune

FRANKFURT — To the average person, foreign exchange means trading cash for money of a different color at a change counter in an airport or train station. But for international corporations, many of whom trade billions of dollars worth of different currencies a year, the same basic process can be the difference between earning a profit for the year — or posting a loss.

As was shown by Volkswagen AG's disclosure last week that it lost 480 million Deutsche marks (about \$259 million) through a suspected fraud in its in-house foreign unit, many companies are playing for enormous stakes.

"This is one of the most important, but least understood, functions in the entire area of corporate finance," said a finance official for a major French corporation, insisting that he not be identified. "When you're selling a couple of billion dollars' worth of goods a year in foreign markets, you'd better believe that exchange-rate fluctuations can make a big difference to the company's bottom line."

Corporate trading, however, is only one part of the tangled electronic web of banks and brokers, companies and individuals, that make up the global foreign exchange market.

The trading, averaging around \$200 billion a day, goes on around-the-clock, following the sun from New York to Tokyo to London. Economists estimate that \$15 billion to \$25 billion of the daily volume comes from corporate dealing, with trading between banks and other dealers, as well as outside investors, accounting for the remainder.

Foreign exchange trading is dominated by traders in their 20s and 30s. It requires split-second judgments based on a constantly shifting set of numbers that flicker past on a computer screen. Deals are executed almost instantaneously by computer and telephone. Risks, and tensions, run high.

Unlike their cousins in the dealing rooms of major banks, where the objective is to aggressively pursue a profit from currency swings, most corporate traders are expected to do nothing more — or less — than protect their company's foreign exchange exposure. Thus, for many, protecting their company's foreign exchange statement at year-end is one corporation's ideal foreign exchange statement.

"I have a limit on what I can do," said a dealer for one West German bank. "But if I lose money today, I can make it back tomorrow. We keep trading. I think corporate dealers are more vulnerable if they lose because they have to explain it to someone who only wants to avoid a loss in the first place."

The Volkswagen affair provides some insight into what can go wrong in corporate dealing. The company had one of the largest, and worst, in corporate dealing. The company had one of the largest, and worst, in corporate dealing. The company had one of the largest, and worst, in corporate dealing.



Rolf Selowski, left, who resigned last week as finance director of Volkswagen AG, and Carl Hahn, the automaker's chairman, in 1983 file photo. Mr. Selowski was responsible for VW's foreign exchange trading unit.

on their own," said Hans-Joachim Filz, an economist with the Bank in Liechtenstein in Frankfurt. "But many companies do it through banks. Only the biggest companies, like Volkswagen and Daimler-Benz, can afford to have their own hedging operations."

Now, VW is at the center of what bankers say is the biggest corporate currency trading scandal in the nation's history. Several top managers have been fired, and four foreign exchange department staffers have been suspended.

The alleged fraud emerged, Volkswagen said, when an unspecified amount of dollars was purchased at a certain rate and then sold forward. Under a forward contract, a foreign currency is purchased at an established exchange rate, but with payment and delivery at a specified future date.

When the company tried to take delivery, the bank or banks involved said they had no record or knowledge of the contract.

Volkswagen contends the forward contracts were forged and has filed charges with the Brunswick prosecutor's office of fraud, breach of trust and forgery against unspecified persons.

The scandal has raised serious questions about Volkswagen's control of its foreign exchange operations. There is also confusion about when the company's top management first knew about the alleged fraud and whether it acted appropriately.

"To me, what happened at Volkswagen is not surprising in the least," said Michael Papaioannou, Director of Foreign Exchange Services at Wharton Economics in Philadelphia.

"It is very easy to have huge losses, very fast when a company is hedging in the market, just as it can quickly make very big profits from it. I think we will soon see other companies having the same problems as Volkswagen."

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CURRENCY MARKETS

Dollar Slips in Europe, Pound Rises

Reuters
LONDON — The dollar lost a little ground in quiet European trading Wednesday against most major currencies. The British pound was sharply higher.

The dollar slipped to 1.8365 Deutsche marks at the close in London, from Tuesday's close of 1.8375 DM. It ended at 151.00 Japanese yen, just off its Tuesday close of 151.95, and at 1.5375 Swiss francs, off from 1.5388.

The pound, however, strengthened to \$1.660, its highest closing level in London since May 1983. Dealers said the British currency was bolstered by the Bank of England's evident caution in sanctioning only a half-point cut in base lending rates in the aftermath of Tuesday's budget. The four major U.K. clearing banks cut their rates to 10 percent from 10.5 percent.

Dealers said trading in the dollar had pursued the trend established since last month's Paris agreement on currency stabilization by six leading industrial nations.

Dealers said the market still appeared reluctant to test the Paris

London Dollar Rates

Currency	Unit	Rate
Deutsche mark	100	151.00
Swiss franc	100	153.75
Japanese yen	100	151.00
French franc	100	153.75

Source: Reuters

agreement, keeping the U.S. currency within a narrow range between 1.83 DM and 1.87 DM.

Most investors and speculators remained convinced that central banks were ready to step in to keep the dollar from moving more than a few pennings up or down from current levels, dealers said.

"Paris seems to have worked, even though most people decided it at the time, including me," one dealer said.

Dealers said sentiment continued to be bearish on the dollar, but the market might have to wait until the next set of U.S. trade figures in April for an opportunity to force it decisively lower.

In earlier European trading, the

dollar was fixed at 1.8371 DM in Frankfurt, up from 1.8327 DM, and at 6.1170 French francs in Paris, ahead of Tuesday's 6.0920 francs.

In Zurich, the dollar closed ahead at 1.5390 Swiss francs, after 1.5315 on Tuesday.

The pound closed in London at 72.6 on its trade-weighted index, up from 72.1 on Tuesday. Against the mark, the pound closed at 2.9493 DM after Tuesday's final 2.9392 DM.

The budget speech Tuesday by the chancellor of the Exchequer, Nigel Lawson, was expected to be popular electorally and this was reflected in its details had boosted the pound, dealers said.

They said only the suspicion that the authorities have a target band for sterling and the consequent fear of intervention kept the pound from rising higher on Wednesday.

Dealers said a further half-point cut in base rates was still expected. That would be unlikely to cause the pound to drop much below present levels, but would restrain some of the upward pressure, they added.

U.S. Seeking Greater Control Of LADB Loans

Washington Post Service

WASHINGTON — Treasury Secretary James A. Baker 3d has said that the United States and Canada, voting together, should be allowed to block loans to Latin American nations by the Inter-American Development Bank to prevent "abuses" in lending.

Acknowledging a dispute between the North American nations and the other IADB countries, he said Tuesday that the issue remained unresolved before the bank's annual meeting this weekend in Miami.

Mr. Baker, testifying before a subcommittee of the House Appropriations Committee, said the United States was unhappy with "the lack of conditionality" of some IADB loans.

The United States proposes that 35 percent of the voting power in the bank, rather than a majority, be required to block a loan. The United States has 34.5 percent, Canada 4 percent.

U.S., Europeans Call Airbus Truce

By Axel Krause
International Herald Tribune

PARIS — The Reagan administration and the four West European government sponsors of the Airbus Industrie aircraft consortium, on the eve of a GATT meeting, have agreed to a truce in their dispute over what the U.S. government has contended are unfair subsidies to Airbus.

Speaking separately Wednesday, U.S. and European government officials said they were shelving threats of trade retaliation and would focus on a two-day meeting of the civil aircraft committee of the General Agreement on Tariffs and Trade.

The GATT meeting was to begin Thursday in Geneva. The committee's 22 members will take up only a U.S. proposal to determine whether the GATT agreement on aircraft trade applies to previous complaints about Airbus. Trade of-

ficials in Geneva said this reflected a "highly technical, lowest-key" approach.

Michel Noir, France's trade minister, said in Paris that the Airbus partners — France, Britain, West Germany and Spain — were committed to a "serene, dispassionate" approach in the GATT talks.

He said he welcomed Washington's attitude, although he stopped short of describing it as a truce. "Let's say we now have a discussion going instead of confrontation," he said.

Earlier in Geneva, S. Bruce Smart, assistant U.S. trade representative, issued a statement making clear that Washington was not planning to file a GATT complaint against Airbus.

"Some have interpreted our request for a committee meeting 'as a first step to institute a dispute-settlement procedure, but that interpretation is not correct,' the statement said. The U.S. cabinet

decided Feb. 13 that the dispute be handled within GATT, the international agency that monitors trade.

"What we want is stronger ground rules covering subsidies to Airbus and other sectors of the world civilian aircraft industry, meaning we want clarification in the GATT agreement, which is very vague," a U.S. diplomat said.

The aircraft agreement was signed in 1979.

If the United States does not obtain a satisfactory agreement, officials said, it could still file a complaint over Airbus subsidies, seeking damages. That would require proving that the subsidies — legal under GATT rules — have caused damage to Boeing Co. and McDonnell Douglas Corp.

The Europeans have argued that government financing for Airbus takes the form of interest-bearing loans that are being repaid by participants.

Limits Agreed On Export Loans

Agence France-Press

PARIS — Major industrialized countries, after three years of wrangling, have agreed to greater limits on using foreign aid to promote exports.

U.S. officials said the accord, announced Tuesday, had "closed a loophole" by making it more expensive for industrial countries to use "mixed credit" packages combining loans at market rates with official development aid.

Under the changes in the code of conduct sponsored by the 24-nation Organization for Economic Cooperation and Development, the minimum aid component in mixed credits would be raised to 35 percent from 25 percent in the 12 months beginning in July.

British Banks Cut Base Rates Again, to 10% From 10.5%

By Warren Getler
International Herald Tribune

LONDON — Britain's major commercial banks cut their base lending rates Wednesday by a half-point to 10 percent.

The chancellor of the Exchequer, Nigel Lawson, said the banks' move was a "reasonable response" to the sharp 23 billion drop in the government's budget-deficit target for 1987-88 announced Tuesday. That 23 billion is equivalent to \$4.8 billion at current exchange rates.

Expectations on Tuesday after Mr. Lawson's budget presentation had been for a full-point base-rate cut by British banks to 9.5 percent.

The Financial Times 100-share index closed Wednesday at 2,006.6, up only marginally from 2,006.3. Analysts cited profit-taking and some disappointment that interest rates had not dropped a full point as grounds for the stock market not having closed higher in reaction to the budget.

Analysts said the British banks were taking a cautious approach to rate trimming. They said the banks were waiting to see how capital markets would react to the budget proposals, which include £2.5 billion worth of tax relief.

They predicted, however, another half-point cut in the base rate by the end of next week.

The Bank of England appeared to encourage an initial half-point base-rate cut Wednesday rather than a full-point trim when it lent two-week cash to British discount houses at a lower 10 percent rate.

Picking up on this cue, all four major clearing banks trimmed their base lending rates a half-point to 10 percent, the second half-point cut by the banks in nine days. The four banks are Barclays Bank PLC, National Westminster Bank PLC, Lloyds Bank PLC and Midland Bank PLC.

On May 9, the banks cut their base rates to 10.5 percent from 11 percent, the first parting of base rates since May 1986.

At a press briefing Tuesday, Mr. Lawson said the banks' move was "a reasonable response" to the sharp 23 billion drop in the government's budget-deficit target for 1987-88 announced Tuesday. That 23 billion is equivalent to \$4.8 billion at current exchange rates.

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invested securities less attractive — the pound has held its ground and, in fact, gained against the dollar and the Deutsche mark.

"Sterling will stay strong as long as the Conservatives stay strong," said Bill Martin, chief U.K. economist for Phillips & Drew, the London stockbrokerage.

The latest published poll showed Prime Minister Margaret Thatcher's Conservative Party 9 points ahead of the Labor opposition. A national election must be held by July 1988, but expectations are for an earlier election.

Mr. Lawson said it was "conceivable" that Britain and West Germany were seeking to stabilize the pound and the Deutsche mark in a trading range, which he declined to specify.

Asked why rates in Britain were still considerably above rates of 4 percent in Japan and West Germany and 6 to 7 percent in the United States, he said Britain does not have "as long a track record on low inflation" as those countries.

Another explanation for relatively high interest rates in Britain, he said, was that "control of credit has to rest entirely on interest rates," in this country because of the complexity and openness of its financial markets.

PHILIPS: Dutch Giant Will Challenge Japanese in U.S. Electronics Market

(Continued from first finance page)

work activities," said Mr. van der Klugt. He said that certain Philips activities — he declined to say which — would be shifted to the United States in the next few years, while some American managers would be transferred to foreign posts.

The turn toward America is the linchpin of Philips' broader strategy of taking former control of the company's far-flung and independent-minded units. Ever since the company, founded in 1891 by Gerard Philips, ventured beyond Dutch borders, its foreign operations have enjoyed a large degree of autonomy. A premium was set on local production while central planning took a back seat.

The result, in part, is that Philips is now burdened with about 420 factories worldwide that make almost anything that can be plugged into a wall. The company used to boast about this versatility, but now wants to narrow it. Already, some chemical, cable, wiring and welding businesses have been sold, and more divestitures are being readied.

Philips apparently has little choice. "They feel that unless they

can centralize their planning functions, they will be picked off piecemeal by the Japanese," said William Coleman, a financial analyst at the London brokerage James Capel & Co.

Philips is trying to capitalize on its strong points, such as consumer and professional electronics, by pouring money into those sectors.

States in magnetic-tape and optical-media projects. "You can name any central activity of Philips," said one Dutch analyst, "and they will have a joint venture in it."

Still, analysts are not sure that Philips can turn the tables on the Japanese in the United States. The experts point out that Philips has always had a difficult time market-

ing its high technology breakthroughs.

The company invented the videocassette recorder and compact disc, but has been virtually driven out of the VCR market and forced to share the CD market with Japanese manufacturers.

Philips' marketing problem may be reflected in the wide range of brand names under which its products are sold in the United States. For example, the company offers

consumer electronics under the names of Magnavox, Sylvania, Philco, Norcico and Philips. Light bulbs still are sold under the Westinghouse name, although that is being changed.

Moreover, the company, which has followed a unique policy of cooperating with Japanese companies in setting product standards, faces a major quandary over digital audio tape. Philips is trying to persuade the Japanese to delay introducing DAT, which has the same sound quality as compact disks but is smaller, cheaper and can be erased.

Regardless of the outcome of the DAT controversy, Philips plans to battle the Japanese in the United States. It does not intend to fade away as most U.S. electronics companies did in the past two decades.

"U.S. manufacturers have completely misunderstood what this consumer electronics business means for electronics in general," said Mr. van der Klugt. "The lines between consumer electronics and professional electronics are becoming vaguer and vaguer."

"If you lose your place in consumer electronics," he said, "the Japanese will clobber you in the professional field."

Wednesday's OTC Prices

NASDAQ prices as of 3 a.m. New York time.
Via The Associated Press

12 Month High Low Stock Div. Yld. % High Low 3 P.M. CLOS.

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SPORTS

Leonard: With Hagler Weeks Away, Time's the Question

By Dave Anderson

New York Times Service

HILTON HEAD, South Carolina — As soon as Sugar Ray Leonard had hopped into the ring to shadow-box, his thighs appeared to be thicker and stronger than in earlier years. "His body is different, he's bigger all over," said one of the fighter's trainers, Angelo Dundee. "He's a middleweight now, he'll weigh 155, but he's still smooth." And still slick.

According to the Top Rank tale of the tape, Leonard's thighs measure 21 inches, the same as when he twice fought Roberto Duran seven years ago. Maybe his thighs appeared thicker because he was wearing tight blue shorts instead of floppy boxing trunks. Or maybe his measurements have not been updated for his April 6 comeback against Marvin Hagler in Las Vegas. Or maybe a little age has settled in his thighs, just as a little age has settled in his face.

Ray Charles Leonard will be 31 on May 17, six days before Hagler turns 33. When he smiles, Leonard still lights up with that little-boy look. But in repose, his face appears flatter, his eyes heavier.

Nearly three years ago, Leonard stopped Kevin Howard, a journeyman welterweight, in a nine-round tango that so depressed him that he instantly announced he would never box again. Until then, the former undisputed welterweight champion had not fought since he had detached-retina surgery on his left eye, nearly five years ago.

But now, for an \$11 million guarantee and with the approval of several eye specialists, he is training here inside a heated white tent pitched behind the kitchen of a hotel.

"For those with video cameras," a voice suddenly alerted the 150 spectators in the tent, "a reminder that no Leonard's people do not want a spy shipping a videotape to Hagler's people. And when the tent is closed for a private workout, as it is occasionally, even the Top Rank liaison, Irving Rudd, is not permitted to watch Leonard's people feel that Bob Arum, the Top Rank promoter, is rooting for Hagler, not their man.

Speaking of Leonard's people, there are 21 of them here: attorney Mike Trainer, three trainers (Dundee, Jenks Morton and Dave Jacobs), seven sparring partners, two cooks, two equipment men, two security men, an administrator, a public relations counselor who doubles as his tennis instructor, an aide-de-camp and a video cameraman.

Up in the ring now, Leonard's red headgear protruded from each side of his jaw and cupped his chin. He moved quickly, as he surely will try to do against Hagler, hoping to frustrate the champion. Every so often, over the six rounds, Leonard showed the quick hands that produced 24 knockouts in a 33-1 record marred only by a 15-round loss to Duran five months before Duran's "no mas" surrender.

Sparring over, Leonard battered the heavy bag, then skipped rope. After a series of slow sit-ups, he put on a white bathrobe.

Off that one workout, Leonard appeared as fast and as flashy as ever. He certainly showed that he can skip rope better than ever. But the big question will not be answered until April 6: how much rust has developed on his reflexes?

"I don't think the rust is a factor with me," he said, sucking on a lemon. "What's in people's minds is my performance with Kevin Howard, but now I have that feeling, that touch."

Knocked down by Howard in the fourth round of that bout in Worcester, Massachusetts, Leonard won when the referee quickly stopped the fight in the ninth, with Howard wobbling.

"Training for Kevin Howard," Leonard said, "that feeling was absent. That was the scariest part. But I have that feeling now because it's Hagler, the guy I've always wanted to fight, the ultimate."

Muhammad Ali had "that feeling" in 1971 before he fought Joe Frazier, his ultimate. Returning from his three-and-a-half-year exile, Ali had stopped Jerry Quarry in three rounds and Oscar Bonavena in the 15th. But even with those two bouts behind him, the 29-year-old Ali lost a unanimous 15-round decision to Frazier.

Sugar Ray Robinson had "that feeling" after having tried to become a nightclub dancer. But at 33, in his second fight after a 31-month layoff, he lost a 10-round decision to Ralph (Tiger) Jones, then needed four more bouts in 1955 before he was ready to dethrone Bobo Olson as middleweight champion.

"But you have to understand the reasons Ali and Sugar Ray Robinson did it," Leonard said. "They did it for financial reasons, or for the adulation."

"Everybody asks me about rust, but rust will affect Hagler, too. He's older. He's been through wars. And he's said, 'If I lost, I'd have to fight again.' That's what I want to hear. Just by saying that, he's thinking about it. I'll throw punches and tie him up. If I see him frustrated, the fight is mine."

In Hagler's 12 successful title defenses, only Duran lasted 15 rounds.

"Duran, even John Mugabi, gave Hagler upper body movement," Leonard said. "But you've got to be careful of his long right jab, he jumps with that baby. The key is, you got to stay low."

But when Hagler was cut by Thomas Hearns in their eight marvelous minutes two years ago, the champion pounced for a knockout.

"If you cut a man," Leonard said, "you don't fight him, you just prolong the fight, you stay away from him. You let the referee end the fight."

Sugar Ray Leonard knows what to do. But the question remains: will his body obey?



'Everybody asks me about rust, but rust will affect Hagler, too. He's older. He's been through wars.'

—Ray Leonard

La Salle Beats Niagara in NIT

United Press International

BUFFALO, New York — Larry Kozetz scored all of his 17 points in the second half Tuesday night as La Salle beat Niagara, 89-81, in a National Invitation Tournament second-round game.

La Salle trailed by 38-37 at halftime, but Kozetz made three three-point shots in the first 3:22 of the second half and his team held a 52-44 lead with 15:43 to play. Then Niagara rallied, with Gary Bossert tying the score at 69 with 4:39 left before a field goal and three free throws by Craig Conlin put La Salle up, 79-74, with 1:33 to go.

Lionel Simmons topped La Salle with 23 points, breaking by 18 the team's freshman scoring record of 579 points set by Michael Brooks. Joe Arlauckas led Niagara (21-10) with 27 points but fouled out with 20 seconds left.

Southern Mississippi 83, St. Louis 78; in St. Louis, John White's three-point shot with 1:26 left in overtime put the Golden Eagles ahead for good and the home team missed three three-point shots in the last minute.

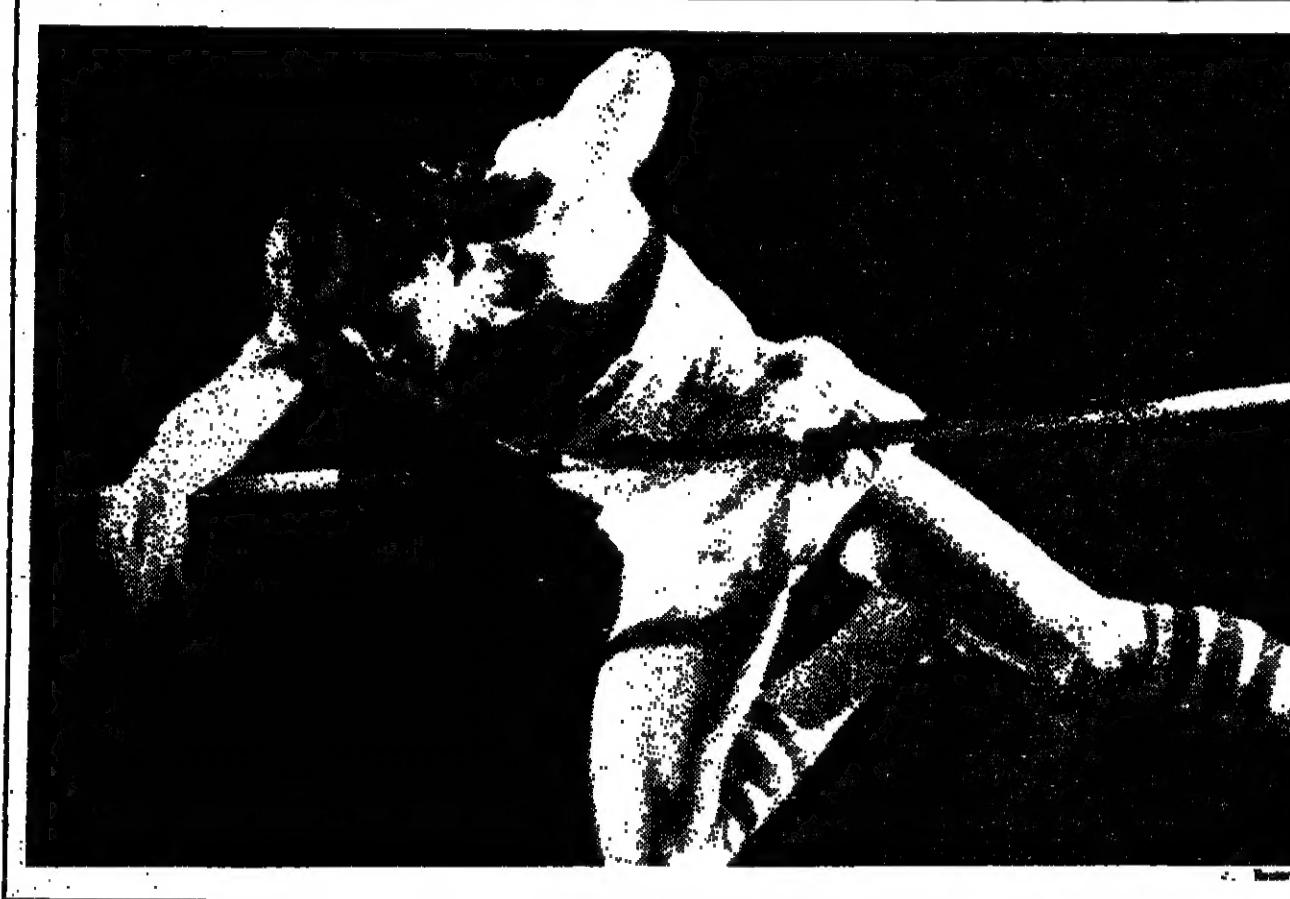
St. Louis (25-10), which was led by Monroe Douglas's 21 points, was two of eight on three-pointers for the game while Southern Mississippi was 10 of 19.

Nebraska 78, Arkansas 71; in Lincoln, Nebraska, Anthony Bellow scored 20 points and his team held Arkansas (19-11) to an arena-record 12 points in the first half.

Nolan Richardson, the Arkansas coach, said that in the first half the officials "were making some walking calls we don't get in the Southwest Conference. Our players were scared of making a move. That first half was a situation of total fear."

California 65, Oregon State 62; in Corvallis, Oregon, Kevin Johnson scored the last two of his 28 points on a lay-up in the final minute to ensure California's third victory in four games with Oregon State this season.

The Beavers (19-11) got 25 points and 12 rebounds from Jose Ortiz.



On North Carolina's Team, J.R. Stands for Just Remarkable

By John Feinstein

Washington Post Service

CHAPEL HILL, North Carolina — It was in the summer of 1984, a sticky night in Princeton, New Jersey, North Carolina University assistant basketball coach Eddie Fogler said when it was over, "he has a lot of potential."

Fogler smiled. From Dean Smith, that was an accolade.

"Do me a favor," he said to a friend, "when my boys get here tonight to watch the scrimmage, don't talk to him at all until they're over. I want him to concentrate completely. I want to be sure he understands how good this kid is."

Fogler had been at the summer basketball camp for three days, watching all the players, but focusing on a junior-to-be named J.R. Reid. He was only 16, but he already was 6 feet 9 inches (2 meters), he had

a strong body and he played with a maturity that impressed everyone.

The Carolina coach arrived and Fogler held his breath as Smith watched Reid swoop and soar.

"Eddie," Smith said when it was over, "he has a lot of potential."

Fogler smiled. From Dean Smith, that was an accolade.

J.R. Reid sat in the empyres of the Dean E. Smith Student Activities Center last month, his eyes fixed on the basketball floor. He was smiling comfortably, far more at ease with his words than a college freshman would be expected to be.

"I just feel very comfortable here," he said, referring to the campus, not just Smith Center. "I feel good about myself and the way I've fit in here for 18 months, following

about our team. I'm just a freshman. I look to the seniors for leadership. We all do."

Words to make Dean Smith proud. Senior leaders, a freshman fitting in. Talking about the team.

"J.R. has the potential to be outstanding," Smith said that day. "But he still has a lot to learn."

Reid, whose name is Herman Reid Jr., thus the J.R., is going to be one of the best players to come through North Carolina. That, saying a lot. But as Al McGuire has said, "In a few years he'll be like Magic or the Doctor or Michael. It will just be J.R. and everyone will know who you're talking about."

What makes Reid different is his flair. He is impossible not to notice. Part of it is the haircut, a flat top he has sported for 18 months, following

the fashion trends back home in Virginia Beach, Virginia. Part of it is that, as the son of two school teachers, Reid is more articulate than most 18-year-olds, although he chooses his words as carefully as any good Carolina freshman.

He willingly admits he enjoys playing in other arenas, hearing the taunts and answering them with his play. "When people get on me, I like it," he said. "I was prepared for it at Duke and at Virginia," where they chanted, "traitor," and I thought I responded to it pretty well."

He smiled. At Duke he had 15 rebounds, most near game's end. At Virginia, 15 points and 9 rebounds.

There are some who argue that Reid should have been named the Atlantic Coast Conference player

Bubka Again Sets Pole Vault Mark

United Press International

TURIN — Sergei Bubka of the Soviet Union, competing against his better judgment, broke his world indoor pole vault record Tuesday night, vaulting 5.97 meters (19 feet 7-5/8 inches) to improve his mark by one centimeter.

Bubka, who also holds the world outdoor record of 6.01 meters, broke his indoor mark of 5.96, established Jan. 15 in Osaka, Japan, at his last indoor meet this season.

It was held in conjunction with a sports film festival that made for a late night Monday for Bubka after an awards ceremony in Milan.

The 24-year-old Ukrainian began aiming for the indoor mark after Atenas Tarev of Bulgaria and Marian Kolasa of Poland missed at 5.72. Bubka failed on his first attempt at 5.97 but cleared on the second.

"I want to dedicate this record to Primo Nebiolo," president of the International Amateur Athletics Federation, "who convinced me to come to Turin against my wishes," Bubka said.

The 1984 Olympic champion, Pierre Quinon of France, back competing after two injury-plagued seasons, failed at 5.30 meters.

Kerr, Flyers Keep Streaking Onward

United Press International

PHILADELPHIA — Tim Kerr, who has the on-ice style of Phil Esposito, joined an exclusive club Tuesday night against the team Esposito now coaches.

Kerr scored twice to reach the 50-goal mark for the fourth straight National Hockey League season as the Philadelphia Flyers, clinching first place in the Patrick Division for the third straight year, beat the New York Rangers, 4-1.

Kerr became the seventh player in NHL history to get 50 goals in at least four consecutive seasons, joining Wayne Gretzky (1979-87), Mike Bossy (1977-86), Guy Lafleur (1974-80), Marcel Dionne (1978-83), Michel Goulet (1982-86) and Esposito (1970-74) in that category.

Jari Kurri of the Oilers also scored two goals Tuesday night, his 49th and 50th of the season, in a 7-4 victory over the New Jersey Devils, for his fourth straight season with 50 or more. The Associated Press reported from Edmonton.

Kerr, a right winger, has 271 goals for his career. His prowess is establishing himself in the slot, where he uses his 6-foot-3-inch, 225-pound (1.9-meter, 102-kilogram) body to maintain the position for good scoring opportunities. Esposito played much the same way and, like Kerr, was considered a slow starter.

"He reminds me of myself playing the slot," said Esposito, whose 717 goals put him second on the NHL scoring list. "Nobody's going to stop Timmy when he gets into the slot. He plays that position like I used to. As big as he is, there's nobody going to move him out of there."

"That's a great compliment," Kerr said. "He's one of the greatest players to ever play the game. To have him saying that is a great honor."

"The same thing was said about Phil getting garbage goals. But you have to be in the right spot at the right time. If it was that easy, a lot of guys would be hanging around there. Phil Esposito knows how hard it is. He's taken a few cross checks in his time."

Kerr, who was never chosen in an NHL draft, signed with the Flyers as a free agent on Oct. 25, 1979, and is in his seventh season with them. After totaling 54 goals in his first three seasons, he has gotten 54, 54 and 58 the last three seasons.

The league's top power play scorer set up in front of New York goalie John Vanbiesbroek to get the game's first goal, and his 50th this season, with a one-man advantage at 9:40 of the first period.

The Flyers had the advantage for only six seconds before Kerr took a pass from Peter Zent and beat Vanbiesbroek to his sick side for his 24th power-play goal of the year.

Kerr was in the slot again at 19:11 of the period when he redirected Derrick Smith's shot through Vanbiesbroek's pads for a 2-0 lead.

Brian Propp scored his 27th goal of the season to give the Flyers a 3-0 lead at 8:48 of the third period, into an empty net with 12 seconds to play. That short-handed goal was the Flyers' 22d this season, extending the team record.

NHL FOCUS



Tim Kerr

SCOREBOARD

Hockey

NHL Standings

Wales Conference

W	L	T	Pts	GF	GA
Philadelphia	31	22	70	237	214
NY Islanders	31	22	70	237	214
Boston	31	22	70	237	214
Washington	31	22	70	237	214
Pittsburgh	31	22	70	237	214
New Jersey	31	22	70	237	214

Adams Division

W	L	T	Pts	GF	GA
Hartford	31	22	70	237	214
Montreal	31	22	70	237	214
Boston	31	22	70	237	214
Quebec	31	22	70	237	214
Buffalo	31	22	70	237	214

Campbell Conference

W	L	T	Pts	GF	GA
Detroit	31	22	70	237	214
St. Louis	31	22	70	237	214
Minnesota	31	22	70	237	214
Chicago	31	22	70	237	214
Toronto	31	22	70	237	214

Smythe Division

W	L	T	Pts	GF	GA
Edmonton	31	22	70	237	214
Calgary	31	22	70	237	214
Winnipeg	31	22	70	237	214
Los Angeles	31	22	70	237	214
Vancouver	31	22	70	237	214

Today's Results

Team	Score	Team	Score
Boston	1-0	NY Islanders	1-0
Philadelphia	1-0	Washington	1-0
NY Islanders	1-0	Philadelphia	1-0
Washington	1-0	NY Islanders	1-0
Philadelphia	1-0	Washington	1-0
NY Islanders	1-0	Philadelphia	1-0

NIT Results, Schedule

First Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Second Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Third Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Fourth Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Fifth Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Sixth Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Seventh Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Eighth Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Ninth Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Tenth Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Eleventh Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Twelfth Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Thirteenth Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Fourteenth Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Fifteenth Round

Team	Score	Team	Score
Nebraska	78	Arkansas	71
California	65	Oregon State	62
St. Louis	78	Southern Mississippi	83
La Salle	89	Niagara	81

Sixteenth Round

